Pay determination in the public sector in the Sudan

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PAY DETERMINATION IN THE PUBLIC SECTOR

IN THE SUDAN

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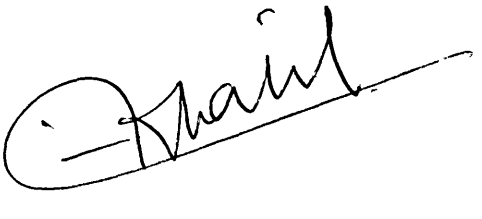

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To

my parents and my uncle

Hassen Abdul Majid

PAY DETERMINATION IN THE PUBLIC SECTOR IN THE SUDAN

CONTENTS

A B S T R A C T

Pay occupies a central place in the theoretical, as well as applied, aspects of income distribution. Yet the accumulated knowledge of how pay is determined in reality in developing countries is too sparse and too fragmented to enable the identification of the underlying determining forces. It is only when the operation of labour markets in specific situations has been empirically investigated, documented and analysed that it will be possible to construct sensible theories or formulate apposite policy. This study is an attempt to tackle both these goals. It examines the nature of public sector pay determination in the Sudan. The choice of the public sector is appropriate because of the significance of the sector in the national economy, the government being responsible for more than 80 per cent of formal sector employment.

Adopting the empirical approach, evidence has been adduced to indicate the prevalence of a multitude of forces and pressures which influence the relative and absolute levels of public sector pay. These forces include, the historical legacy originating from the colonial era, the disproportionate weight of government and general bureaucratic decision making, over-valuation of educational qualification, the political influence of trade unions and the intractability of the economy's macro-economic problems. The outcome

of such a combination of socio/economic/political variables is the creation of pay structures characterised by distortions and anomalies which persistently inhibit the achievment of either equity or efficiency in the payment of labour in the Sudan.

The study concludes with a consideration of likely implicatations of the research findings for theoretical formulations and suggestions about how the Sudan's experience can contribute to bridging, at least partially, the gap in the existing body of knowledge concerning the processes of pay determination in LDCs. Finally, proposals are made regarding policy initiatives directed to reforming the existing system of public sector pay determination in the Sudan.

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I N T R O D U C T I O N

Public sector pay determination is of particular interest because of the role of the sector as the principal agent of economic activity and source of employment in the Sudanese economy. Despite its importance, the issue has been curiously neglected. While problems of pay in the public sector have always been controversial, predating independence in 1956, they have assumed major significance in the last decade or so. This period has witnessed a substantial deterioration in the relationship between the government and its employees, with an increasing resort to the use of the strike weapon and an apparent failure on the part of the government to cope with pay-related problems. Ad hoc pay review bodies have been less than successful in restoring stability and industrial peace, and procedures for reconciling disputes have been increasingly abandoned in favour of the threat or use of industrial action. It is widely believed that most of the industrial unrest in the recent past has been directly associated with the dramatic fall in the value of real incomes; a fall which could not be rectified in the current crisis situation of the Sudanese economy and which has almost completely wiped out the motivational effectiveness of pay. Thus, far more serious than the employees' dissatisfaction with their relative and absolute pay levels, is the adverse impact on morale and commitment, and in effect the operational efficiency of the public sector.

How accurate is the picture painted above? If it is accurate how

did it occur? Why has pay in the public sector become one of the most intractable issues facing government? How should the problem be resolved? These are the main questions that have been taken into consideration in drawing up the objectives of this research which sets out:

1) to examine in depth the nature of public sector pay determination;

2) to identify the factors affecting the process and influencing the pay rates available to government employees in both relative and absolute terms;

3) to identify the areas and sources of problems impeding the attainment of an effective and stable pay determination system;

4) to consider the major developments and salary trends in the public sector, particularly since the early 1970s;

5) to consider what can be done to reform the present system to make it more satisfactory to employees, and generally more compatible with the economy's overall goals; and

6) to assess the extent to which the processes of pay determination in the Sudanese public sector fit the hypotheses contained in the existing body of relevant wage theories.

By fulfilling such objectives this study should a) enhance our understanding of the pay-related problems of the public sector in the Sudan; b) enable policy makers to draw upon reliable labour market

analyses in formulating pay as well as economic development policies; and c) establish a base for future empirical research by Sudanese scholars in the whole area of pay and employment situation.

On the basis of our prima facie knowledge we may hypothesize that pay levels in the public sector in absolute and relative terms are largely determined by non-economic forces. We would expect a priori that:

1) government policy and decisions are crucial in determining the pay rates available to different occupational groups in different parts of the public sector;

2) the general economic environment affects the level of wages through its influence on government financial capabilities and movements in the cost of living;

3) trade unions and professional associations can protect and advance their members' interests;

4) the pricing of labour processes is distorted by the institutionalising of the value of educational qualifications; and

5) pay determination processes and pay structures continue to reflect strongly the 'historical legacy' effect.

To test these hypotheses and to achieve the objectives outlined above, an empirical methodology has been adopted. Primary and secondary empirical material was collected during six months of field investigations undertaken in the Sudan from February to August 1986.

Primary data and information were obtained either through the conduct of structured interviews, or by direct case study investiga-

tions at organisation levels. To provide contextual understanding of the general nature of pay determination in the public sector, discussions were held with the Under-Secretaries of the Ministries of Finance and Economic Planning, Labour and Social Security, and the Civil Service Department. These interviews sought to explore broad employment and pay policies, the factors affecting government decisions in rewarding public sector employees, the problems currently facing the government in the sphere of pay and the measures necessary to restore industrial peace. The views of unions were ascertained by interviewing members of executive committees of the two national federations, the Sudan Workers' Trade Unions' Federation (SWTUF) and the Employees' & Professional Trade Unions' Federation (EPTUF). Discussions were also held with a number of senior officials in the relevant government departments and public sector organisations.

The case study research involved investigation of pay and employment practices in six public sector organisations in the Sudan, selected to represent public authorities, public corporations and public companies. They were chosen because they are relatively large employers, expected to maintain systematic records and to appreciate that the study objectives could not be attained without their co-operation, given the virtual absence of reliable and regular statistical information pertaining to the public sector.

In addition to direct examination by the resarcher of the pay and employment data of these organisations, another major source of primary data was the flow of circulars and manuals issued by the Civil Service Department for the determination of pay scales, allowances and other terms of service for different occupational groups; an equally valuable source was the Council of Ministers' resolutions regarding pay awards.

Secondary material comprised official and non-official published papers, reports and documents relating to public sector employment and pay. This information was found in the reports of the ad hoc commissions set up periodically to review pay and conditions of service since the 1940s, as well as those of international organisations (ILO, World Bank, United Nations). Of the latter, the reports of the 1986 ILO Mission on Employment and Economic Reform were of particular value. Secondary data were also obtained from the Department of Statistics' publications, Bank of Sudan annual reports, and the Ministry of Finance annual economic surveys.

The format of the study is designed to shed as much light as possible on pay determiantion and the general operation of public sector labour markets in the Sudan. In Chapter One the relevant theories are reviewed, gaps in the literature identified, and a broad conceptual framework for the study is established. Chapter Two details the structure and functioning of labour markets in the Sudan. In Chapter Three, pay in the public sector is placed in the context of the increasing importance of the sector's employment in the national economy. Chapter Four traces the historical development up to 1969 of pay structures and pay determination processes since the early years of the establishment, under the colonial rule, of formal administrative structures. Chapter Five presents a comprehensive analysis of the civil service pay structure over the period 1970 - 1986, focusing attention on salary trends during the period, and the current provisions of grading classifications, pay scales, allowances and promotion in the service. A similar analysis in respect of the parastatal sector forms the substance of Chapter Six. The expected distinct pattern in the emoluments available in different parts of the public sector naturally lead to the discussion of pay differentials in Chapter Seven. In this Chapter movements in

inter- and intra-sectoral differentials are examined. Chapter Eight highlights some of the problems currently obstructing the attainment of an effective pay determination system in the Sudan. The concluding chapter summarises the major findings of the study and attempts to draw out the implications for both theory and policy.

C H A P T E R O N E

CONCEPTUAL CONSIDERATIONS

1.1. INTRODUCTION

Paul Samuelson once lamented that although there exists a multiplicity of wage theories, economists are yet uncertain as to how wages are determined in the market. Thus, he asserted:

> "I fear that when the economic theorist turns to the general problem of wage determination and labour economics, his voice becomes muted and his speech halting. If he is honest with himself, he must confess to a tremendous amount of uncertainty and self-doubt concerning even the most basic and elementary parts of the subject".(1)

Two decades later, other writers appeared to be still in agreement with Samuelson's contention. For example, R McConnel (1970) argued that:

> "... in fact, there simply does not exist a theory of wage determination which has gained general acceptance".(2)

If this is supposed to be the state of wage theory in respect of the advanced industrialised countries, to which Samuelson and McConnel were apparently referring, then how much more complex and indeterminate must it be when it comes to the case of less developed economies where there is hardly a general organised market for labour and where the wage employment still represents only a fraction of total employment in the country. So, what would development economists say about the determina-

tion of pay in the complex milieu which developing countries provide? And, to what extent the processes of pay determination in public sector in the Sudan fit the hypotheses contained in existing theoretical approaches? This chapter seeks to find an answer for the first part of this question whilst the second part will be dealt with in Chapter 9 when the theoretical implications of the study findings are identified.

This chapter begins with the consideration of some distinctive features of pay determination problems and pay structures in LDCs. It then examines some of the well-known models in the development literature which attempted to conceptualise some factors involved in pay determination in LDCs. The chapter also highlights attempts which have been made recently to apply certain emerging labour market concepts within the context of developing economies. The chapter concludes with an attempt to establish a braod conceptual framework for subsequent chapters' analyses.

1.2. DISTINCTIVE FEATURES OF PAY STRUCTURES AND PAY DETERMINATION IN LDCs

While LDCs vary considerably amongst themselves and have been subject to many of the same sorts of economic pressures as the more developed countries, their wage determination problems have been characterised by some common distinctive features of their own.(3) For many years, the crucial distinguishing feature of a less developed country was taken to be its dualism. A dual economy consists of two sectors: a small industrialised (modern, urban) sector which is typically located in the few urban pockets and operates, more or less, like any modern industrial economy, and a much larger agricultural (rural, traditional, subsistence) sector where the modes of production are primitive

and a vast majority of the population are very poor living at subsistence consumption. Consequently, the labour market is stratified into two parts, with the workers in the industrial sector earning higher wages than their counterparts in the rural sector. In fact, much of the literature on this subject has evolved around this particular feature of the larger idea of dualism. In effect, it has been widely argued that wage structures of most LDCs are 'unsatisfactory' and that wage differentials are generally wider in developing than in developed countries.(4)

Concern with the 'dual structure' of developing economies has focused attention on the nature and implication of rural-urban pay disparities. E Iwuji (1980) claims that:

> "In the developing countries there are no wage and salary differentials more striking than those between the urban and rural sectors".

Such disparities have been explained in terms of the attributes of the two sectors. Relatively low wages in the rual sectors are likely to stem from slow technological progress and capital accumulation, low productivity and high labour/capital ratios; while high wages in the urban sector are likely to be found in the large-scale production, manufacturing and service organisations characterised by high capital/labour ratio, rapid capital accumulation and technological progress and relatively high productivity per man-hour.

Furthermore, it has been long conceptualised that these regional disparities can be attributed to the imperfections of the labour market which are generally greater in developing than in industrially advanced economies. It has been argued that in particular the labour markets of LDCs suffer from the limited knowledge of workers concerning alternative job opportunities as well as persistent obstacles to the mobility of labour in terms of cost of transportation, family ties, etc.(5)

Concern with the dualistic nature of labour markets in LDCs has, also, generated other hypotheses such as: wage differentials reflect variations in firm size. This type of differential has been singled out to be important in analysing wage issues in LDCs as many other issues revolve around the size of the establishment. Company acts, minimum wage legislation, social security provision and even development strategies all are usually based on the size of the firm which is measured largely by number of employees and/or degree of capitalisation. Applying the former measurement K Taira (1966) found that not only large firms pay higher wages than small firms, but these differentials are wider in developing than in developed countries. This differential on the basis of firm size has been attributed to the fact that in most of LDCs the large (private) firms were - and many of them still are - foreign-owned and/or multinationals. The high pay policy of such firms was reported to be related to a number of factors: a) multinationals may see the payment of high wages as a form of insurance in a 'strange and probably hostile environment'; b) it could be a way of recruiting the best local labour, securing its loyalty and reducing the possibility of trade antagonism; c) since such firms are usually capital-intensive and in many cases in monopolistic positions, their high wage policy can, therefore, partly be explained by their ability to pay; and d) the high pay could also be politically orientated and it might reflect the fear of these firms of being accused of exploitation as well as fears of nationalisation and/or desire for a good public image.(6)

One of the most important features of a national pay structure is its occupational composition. In the competitive model where occupational differentials derive from intrinsic skill differences, and are not affected by market imperfections or social prejudices, they are the only differentials that should be expected to persist in the long term. As Professor

M Reder (1962) pointed out:

> "In the long-run, under competitive conditions, any industry will pay the same price for a given grade of labour as any industry hiring labour in the same location ... therefore, real wage differentials among industries will reflect differences in the skill-mix".(7)

Occupational differentials in LDCs embrace those distinguishing skilled and unskilled, manual labour/non-manual labour, and literate/illiterate. It is generally believed that all these types of differentials are much wider in developing countries than in the developed industrialised world. Despite some methodological problems that make comparability and measurement hazardous,(8) available empirical evidence tends to support such a hypothesis. For example, Berg (1969) argued that:

> "... only one general statement can be put forward with any fairness and it is hardly novel and daring: differentials for skill are much bigger in most LDCs than in the advanced industrial countries".

Similar statements are also quoted in H A Turner (1965), R Sabot (1977) and Iwuji (1980) who specifically pointed to the fact amongst the developing countries occupational differentials seem to be the highest in Africa.(9)

The most popular thesis put forward to explain the relatively larger occupational differentials found in LDCs is the 'natural history of wage structure' based on the premise that skill differentials follow a 'natural' evolution based on changing market conditions. This means that differences in earnings among various occupational groups tend to reflect relative scarcities of supply. In effect, the earnings differential between literate and illiterate manpower, for instance, is large in countries where the supply of educated labour is small relative to the size of the total labour force. Implicit in such a thesis is the fact that in the long-run as the supply of the educated labour increases,

these differentials must disappear. A counter-thesis which recent years experience tends to support has been the strong influence of custom and tradition. The role of tradition in wage determination is documented in a number of investigations undertaken in different regions of developing countires. Reynold's work on Pakistan and Puerto Rico and Turner's studies on Zaire, Egypt and a number of South American countries conlcude that the observed differentials between manual and non-manual manpower's pay could be largely accounted for by the influence of custom.(10) Turner underlining the heavy influence of such an institutional factor argues that when there are changes in the course of time in the relative magnitude of different types of skill differentials changes are sometimes in a perverse direction. He contended that in Africa the increase in the supply of educated manpower appeared to have had little effect on the relatively high premium it used to enjoy in the past. S Palekar (1962) reflecting on the Indian experience observed that:

> "It is the man who is paid, not the job. A man sitting behind the desk is paid more than a man working behind the machine, not because the latter's contribution to national output is less than that of the former, nor because the desk worker in India is in short supply, none of which is true, but mainly because the man doing the paper work belongs to a social group which has traditionally enjoyed a higher standard of life than the group to which the manual worker belongs".(11)

These tendencies are not unique to developing countries, of course, but they are particualrly pronounced there.(12)

In many LDCs wages and income policies have been concerned with rectifying major structural imbalances in the economy. These imbalances are often associated with apparently large differences in incomes observed above, that have few parallels in more developed economies. In consequence, in many LDCs, the government has been obliged by circumstances to play a much more important role in wage determination than has gener-

ally been the case in developed countries. Thus, in addition to the well-known goal of allocative efficiency, Rempel and House (1978) contended that through the pay determination processes governments in the developing countries try to achieve other fiscal, employment, political and social goals.(13) It has been reported that even where governments have not sought to pursue a centralised wage policy patterned after the centrally planned economy countries of Eastern Europe or where the public sector has not been the main provider of regular wage employment, their influence in wage decisions has still generally been comparatively strong. Both employers and workers are usually not well organised and workers in particular have needed government support in labour markets characterised by chronic labour surplus conditions.(14) Thus, interventions in the labour market (for example through minimum wage legislation) reported to be much wider in LDCs than in the industrialised countries.

Against this brief background of apparent differences in pay structures and pay determination processes between LDCs and developed countries, the next section provides a critical examination of some wage theories developed within the development economics discipline in the last four decades or so.

1.3. WAGE DETERMINATION IN DEVELOPMENT THEORIES

In the beginning, it must be noted that there are no independent theories for wage determination in LDCs. Available theories have always been part of the mainstream of development theories and even in these theories, as Fry (1979) noted:

> "The treatment of wage determination is one of the weaker points in the application of the economic theory to the problems of development".(15)

Therefore, the theoretical base of pay determination in LDCs remains largely deficient and the lack of reliable data has always been regarded as a major constraint and a discouraging factor for scholars from paying more attention to the subject. Nevertheless, this section outlines some of thse theories based on the premise of labour market duality in LDCs, and of which the 'Lewis model' is the most prominent.

The reader should be warned at the outset that what is conventionally known as the Lewis model of wage determination occupies only a very small portion of Lewis' celebrated paper (1954)[16] which still occupies a seminal place in the development literature. His work is a comprehensive long-run analysis of the development of a dual economy. It traces the path over time of a poor economy getting gradually industrialised. For our purposes, it will suffice to consider that part of his work which deals with wage determination in a LDC.

According to this model the economy consists of two sectors: the rural sector ('capitalist' and 'subsistence' sectors were expressions used by Lewis). Lewis describes his model as a 'classical'one meaning thereby that in the rural sector there is, for all practical purposes, an unlimited labour supply at the subsistence wage. More precisely this means that at the subsistence wage there is an excess supply of labour and the excess supply is sifficiently large so that no employer has to worrry, when considering employment expansion, about having to bid up wages or about getting rationed in the labour market.[17] Thus, the cornerstone of Lewis' model is the assumption that the supply of labour to the modern sector is unlimited at constant real wages.

Several assumptions were put forward by Lewis to verify the above thesis. It is assumed that labour supply price, which is determined by the average product of labour in income-sharing households in rural areas exceeds its marginal product which in turn viewed as equal to

zero in the early stages of development. Moreover, because labour supplies are excessive in relation to other complementary factors wages are usually held down to a subsistence level.

If the capitalist sector wishes to draw on this unlimited supply, it cannot however do so at the subsistence wage because:

> "Men will not leave the family farm to seek employment if the wage is worth less than they would be able to consume if they had remained home".(18)

The urban sector typically has to pay a higher wage which is a mark-up on the rural subsistence wage. Lewis argued that:

> "Earnings in the subsistence sector set a floor to wages in the capitalist sector, but in practice wages have to be higher than this and there is usually a gap of 30 per cent or more between capitalist wages and subsistence earnings".

He adduces reasons for the existence of this wage gap: a) higher cost of living in urban areas; b) to compensate for psychological costs from easy going way of life to the more regimented and urbanised environment; and c) the recognition of the fact that even the unskilled labour is of more use to the capitalist sector after he has been there for some time than is the raw recruit from rural areas.

This problem of the gap, and the link, between the industrial wage and subsistence incomes has always been a major difficulty for the Lewis model, and it has been subjected to criticism from various perspectives. For many LDCs, experience of recent decades showed that neither formal sector wages nor the process of economic development have followed the course anticipated by Lewis' or other labour surplus models. Several inconsistencies have been identified by ILO (1987a).(19) To begin with, the expansion of industrial employment has often lagged behind the growth in industrial output, that of the urban propulation, and even more seriously that of the rate of national population growth. Secondly, evidi-dence of growing urban unemployment and under-employment suggest that

the rapidly expanding urban centres of the LDCs have been attracting more workers than they can effectively absorb. Thirdly, in many LDCs wages from regular urban employment have tended to rise faster than incomes in agriculture. They have also often exceeded wages earned by workers with comparable qualifications in other sectors, by margins that appear well in excess of what might be justified by cost of living or other economic differences. The reasons for these trends have been commonly, and rather casually, attributed to misguided government wage policies (statutory minimum wages and public sector pay) or the exercise of trade union power through collective bargaining and political action.

All these considerations have led, in the ILO (1987a) words:

> "To the widely held and stereotyped view that urban earnings are fixed at artificially high levels that reduce employment growth by hampering capital accumulation while encouraging capital intensive production techniques".

At the same time high urban earnings induce excessive rural-urban migration which is only kept in check by the rise of open urban unemployment or low earnings in the informal sector. This view underlies the well-known 'Harris-Todaro model' of internal migration.(20)

This model, like the Lewis' model, is one of a dual economy in which rural urban migration and the level of 'equilibrium' urban unemployment were jointly determined by exogenously given gap between a fixed wage in the formal sector and the substantially lower alternative value marginal product and/or supply price of rural-urban migrants. The latter would, in this model, seek to equate income foregone in agriculture with higher expected income in the formal urban sector. This expected income in turn being a function of the ratio of the number of unemployed seeking formal sector jobs to the number of vacancies opened up, in each time period. The relevance of this aspect of the model is argued by

Todaro (1976) in the following terms:

> "One of the most striking features of urban labour market and wage determination in almost all developing countries has been the tendency for these wages to rise substantially over time, both in absolute terms and relative to average rural incomes, even in the presence of rising levels of unemployment".(21)

Thus, with regard to urban sector pay, the hallmark of the Harris-Todaro thesis was the assumption of permanent institutionally determined wage rigidity. Apparently no explanation for such rigidity was made in the model. A counter-thesis proposed by Stiglitz suggested that the rural-urban gap was the outcome of rational wage setting by employers. He sought to explain this contention in terms of two models, the 'labour turnover model' (1974) and the 'wage efficiency model' (1976).(22)

In the 'labour turnover model' the explanation provided for the rigidity of urban sector wage relied upon differential costs of labour turnover in the two sectors (rural and urban). Stiglitz showed that if there were no such costs attached to the use of labour in agriculture, but they were positive for urban formal sector labour, then it could be in the interests of profit maximizing urban producers to influence these costs by providing higher wages to their employees. These, together with the accompanying open urban unemployment would lower quits by their workers. Thus, there would be an optimum rural-urban wage differential and an accompanying open unemployment rate, at which the costs of turnover would be minimised.

This model has been subjected to a number of criticisms particularly in relation to its unrealistic assumptions such as homogeneous labour and constant training costs. Basu (1984), for example, expressed his objection to one of Stiglitz's assumptions and argued that:

> "In Stiglitz's model a firm may face a higher or a lower turnover but never a shortage of labour. The quit rate is assumed to be exactly matched by the 'replacement' rate and moreover between a quit and a replacement rate there is no time-lag. It is this assumption that allows Stiglitz to speak of the 'quit rate' and

> the 'labour turnover' as synonyms. If we adopt this dual perspective, the diffiuclty becomes quite transparent. We had assumed that as the firm lowers its wage, the quit rate rises. But by the above argument this means that the replacement rate rises as well. This may be realistic up to a point, but when the wage drops sufficiently, the assumption that each quit can be immediately replaced becomes grossly unrealistic".(23)

Moreover, it is very difficult to test the validity of the theory because data are not readily available in forms that permit direct tesing. As is well known, in many LDCs it is rare for firms to keep details of turnover and training costs for individual employees. Also, it appears that the model does not take into account situations where increasing wage may not be sufficient to reduce turnover. For example, Sudanese firms will never be able to bridge the gap in pay with Arab states and thus reduce the numbers of thosequitting to emigrate.

Another widely discussed explanation for wage rigidity in the dualistic less developed economies is the efficiency-wage hypothesis.(24) The basic axiom of this model is that a worker's productivity is positively related to his level of consumption. The model assumes that output depends not on the hours of labour but on the number of efficiency units of labour used; and the number of efficiency units that a worker can produce per hour is a function of the wage he/she receives. The model, thus proposes that the 'efficiency wage' is the wage which minimises the cost of efficiency units.

J Stiglitz (1976) claimed that the efficiency wage considerations are important in both the rural and urban sectors; but he added:

> "There is no reason to assume that the efficiency wage function should be the same in the two sectors since the nature of the work performed is so different as are the environmental factors which affect the effect of wages on productivity".(25)

J Fry (1979), while admitting that the efficiency wage model has had some success in explaining wage levels in small-scale agriculture in India, argues that it does not offer much assistance when one tries to account for the steady growth in real urban wages that has occurred in many developing economies over the past 20 years, or for the very considerable sectoral differentials that persist despite few apparent differences in the physical demands placed upon a worker.(26)

The model has been subjected to further criticisms. One major problem is that the relationship between calorie intake and the ability to work cannot be practically determined. Employers may find it difficult to determine the nutrition requirements even for a single individual, let alone the entire workforce.

Moreover, Bliss and Stern (1978) argued that many doubts arise around the theory particularly in respect of the employment of casual short-term labour. Thus, they described the problems as follows:

> "The model must be considered more plausible in the longer term than in the short term. The effects on strength and energy would be expected to show after weeks and months rather than a day or two. With day-to-day hiring of different labourers a given employer would not reap the productivity benefits of extra wages".

From what has been said above it is clear that all too frequently it is assumed either that wages in the modern sector are equal to the

price of labour, or, where this is obviously untrue, that wages are determined exogenously. In theformer case, equilibrium in the labour market is typically analysed in terms of equating marginal products (or average products) of labour in the modern and traditional sectors. In the latter case, rural-urban labour migration, leading to the appearance of urban under-employment, is the mechanism that equilibrates the labour market by bringing expected incomes in the rural and urban areas into equality with one another. As mentioned earlier, these theories leave many questions about pay determination unanswered. For example, Lewis (1954) assumed that with zero marginal productivity of labour in agriculture, the supply of labour in industrial sector would be infinitely elastic at some constant level of real wages - but what level?

Theories that attempted to answer this question, such as labour turnover model and efficiency wage model apparently could offer little help largely because of their 'unrealistic' assumptions and eventually lack of empirical support.

Mounting uncertainty about the correct modelling of wage determination has led to a quest for more realistic paradigms in LDC labour market analysis. Recently, it has been increasingly argued that a promising line of investigation is the application of some modern labour market theories, originally formulated for highly developed capitalist economies to LDCs and it is some of these theories which are considered in the next section.

1.4. WAGE DETERMINATION IN LDCs: APPLICATIONS OF MODERN LABOUR MARKET THEORIES

In the beginning, it is reasonable to ask whether these theories, initially intended for application in developed economies, could be

successfully applied to LDCs. Indeed, it has been argued that, growing primarily out of the need for finding ananswer to the problem of wage 'stickiness' or 'rigidity', ie, the failure of wages to adjust so as to prevent open unemployment, these theories may be more relevant to LDCs than to highly industrialised ones.(27) Despite this acknowledgement the practical application of the theories and their empirical verification within the less developed economy context, remains generally limited.

1.4.1. The Internal Labour Market Theory

The Internal Labour Market (ILM) theory has generally emerged from Doeringer and Piore's(1971) work in the USA.(28) Accordingly the ILM was defined as:

> "An administrative unit within which the market functions of pricing, allocation, and training of labour are governed, not only by market forces, but by a set of institutional rules and procedure which delineate the boundaries of internal labour market and determine its internal structure".

These institutional or administrative rules which regulate the hiring and employment practices define the 'ports of entry' into the internal labour market, the relationship between jobs for purposes of internal mobility, and the privileges which accrue to workers.

In the model, the job structure of a firm consists of two categories of occupations. Firstly, are jobs that are filled from sources external to the firm. Recruitment to these jobs occurs only at certain limited and clearly defined 'entry ports'. This clearly contrasts with the all-level recruitment from the market assumed in the classical labour market models, such as Lewis's model. In the second category of occupations are jobs that are filled from internal sources through advancement up well-defined promotion ladders and upgrading. The process by which workers advance from entry level positions to higher level jobs is con-

ceptualised as one in which they acquire, either formally or informally, added knowledge or skills that for the most part are specific to the firm.

Within this conceptual framework the market forces delineated by classical and neo-classical economic analysis are perceived as operating directly on occupations at the entry level. Firms are unable by bidding in the labour market to attract supplies of labour which embody the firm specific and job specific skills they require. Doeringer and Piore (1971) argue that this difficulty leads firms to undertake their own training, their process being accompanied by measures which ensure the efficiency of training provided and the retention of workers who have been trained. This training and skill nurturing process contrasts with the assumptions of the neo-classical model that skill and knowledge can be acquired in the required quantities in the labour market at a price.

In the ILM model, a major consequence of the reliance on internal sources of labour is the formation of a relatively permanent attachment between the worker and the firm. For the employer, the incentive to form a stable employment relationship is a desire both to protect a firm's investment in training and to minimise recruitment costs. For the employee, three major factors contribute to the maintenance of this relationship. Firstly, once employees have advanced beyond entry-level positions they may well be discouraged from changing employers on pain of starting once again at the bottom of a promotion ladder elsewhere. Secondly, the fact that their training is firm or industry-specific restricts their employment opportunities in other firms or industries. Thirdly, is the network of non-transferable fringe benefits, including pension rights and other incentives which form part of the total remuneration package designed to retain and motivate workers in the firm.

The ILM theory postulates that since the occupational distribution of the firm intersects directly with external labour market only at entry-

level position, the internal wage determination process will reflect factors not traditionally considered in analyses which focus solely on market forces. These factors include job evaluation schemes and other formal administrative arrangements which are frequently used to specify wage relationships among occupations. Within occupational categories, pay differentials among workers are generally based on seniority and merit considerations.(29) The existence of such formal arrangements makes changes in wage relationships difficult unless they are accompanied by specific alterations in job content. Moreover, Doeringer and Piore maintain that any wage rate, set of wage relationships, or wage setting procedure which prevails over a period of time tends to become customary; changes are then viewed as unjust or inequitable and the work group will exert economic pressure in opposition to them.

Among those who attempted to apply the ILM model in the analysis of labour market problems in LDCs are Siwale (1981) and B Hansen (1982).(30) The former adopting the model as a framework for his study of the copper industry in Zambia concluded that:

> "The concept of the internal labour market model is an important analytical construct, offering a viable alternative to the neo-classical competitive labour market model. It enables the analysis of labour markets to be brought within the ambit of social and political and other non-economic forces which are central to problems of wage determination in most developing countries".

B Hansen (1982) discussed the application of the ILM theory on the basis of labour market data from Egypt. He argued that:

> "This theory, adapted to the circumstances, goes a long way toward explaining wages and employment in agriculture and the informal small-scale sector".

Apparently, Hansen claimed that this theory has nothing to offer by way of explaining public sector wage behaviour; a view certainly not shared by the researcher. As will become clear (Chapter 9), the ILM theory can contribute to the explanation of some aspects of pay determination pro-

cess in the public sector in the Sudan.

1.4.2. Labour Market Segmentation Theory

Labour Market Segmentation (LMS) has been identified as a major factor accounting for the persistence of pay differentials between various sectors of the economy, and the focus of much research in recent decades. While many writers have appealed to the notion of LMS, no single universally agreed definition has evolved. Nevertheless, W House (1984) argued that:

> "At the core of the hypothesis, however, is the idea that workers with such identical human capital characteristics as education and work experience are rewarded differently depending on the segment of the labour market in which they happen to be located".(31)

The concept originated from USA-based literature (Doeringer and Piore, 1971; Reich, Gordon and Edwards, 1973)(32) which has distinguished between a primary and a secondary labour market. In the former, there are more formal employment contracts and a promotional ladder within internal labour markets. In the latter productivity and earnings are low with supply and demand factors determining wages.

The concept has been widely used in recent years to identify segments in the labour markets in LDCs, particularly in the guise of the formal/informal dichotomy. Mazumdar (1981) argues:

> "The high- and low-wage sectors of the labour market turns on the idea that employment in the formal sector is in some sense or senses 'protected' so that wage levels and working conditions in the sector are not available, in general, to job seekers unless they manage somehow to cross that barrier. This kind of protection may arise from the action of trade unions, of governments, or of both acting together".(33)

Within the formal sector public/private sector dichotomy constitutes another segmentation mechanism in the labour market. It has been argued that this type of segmentation arises largely because the government in LDCs acts as a 'model employer'.(34) Moreover, Gunderson (1979) claimed

that the political factor could also be an explanatory factor for such segmentation. Thus, he asserts:

> "The operation of the public sector in most countries is distinguished from the private sector by the nature of its operating environment which is largely marked by the absence of strict market forces. In the public sector the profit constraint of the private sector is replaced by an ultimate political constraint. The wages of public sector workers ultimately depend on their ability to compete with other interest groups over the allocation of the budget and with taxpayers over the size of the budget. The services provided by the public sector invariably face a demand curve which is relatively inelastic so that acquiescence to wage demands can be passed on to consumers in the form of price increases with little consequence for output and employment".(35)

Another factor behind labour market segmentation on a public/private basis is the extent of unionisation and professionalisation which is believed to be relatively wider in the public sector.(36)

Thus, it is clear tht the LMS theory, at least in the manner it is applied in LDCs, could partially explain differences in pay between sectors. In a sharp contrast to what it was originally intended for, LMS has little to offer as a way of explaining the micro aspect in fixing the wage paid to individuals.(37)

1.4.3. Other Theories

In the recent past literature on labour markets in industrialised countries, a number of new models emerged. These models have not, to the best of my knowledge, been applied on a wide scale in LDCs. However, they appear to be quite relevant particularly to the case of rigidities in the markets for educated labour; and can provide a viable potential framework for future research.

One theory which appears to be gaining momentum is the 'Rent-Seeking' model. The theory is of very recent origin and emerged, within the domain of institutional economics, only in the 1970s. However, its application

has been seen as relevant to different issues of which one is wage rigidity.(38) For example, it has been argued that:

> "In an equilibrium where wages are rigid and there is unemployment of educated labour, part of the earnings of employed educated workers is a rent: the wage is higher than the private opportunity cost of being educated. Thus, one can think of it as a rent-seeking equilibrium, where the unemployed are regarded as engaged in competing for the rent-bearing jobs".(39)

In such a model with a rigid wage combined with unemployment the rent is seen to be equally shared by all graduates who are considered as taking turns being unemployed or holding the rent-bearing jobs, respectively, a sharing pattern which may not in my view always exist.

There is, however, another version of the rigid-wage model in which rent-seekers are not unemployed, but instead work in jobs for which they are over-qualified. This is the 'Job Ladder' or 'Pumping' model.(40)

Looked at from the view-point of the rent-seeking literature, the essential feature of this model is that even though there is rent-seeking because the wage rates are above the private opportunity cost of acquiring the necessary educational qualifications there is no unemployment. Those who are unsuccessful in obtaining a job for which they are qualified, instead, end up working in the job that could be filled by somebody less qualified. In equilibrium, the educational activity expands until the average earnings of all educated people (including those working in jobs for which they are over-qualified) are just high enough to offset the private opportunity cost of becoming educated.

The extention of this model to incorporate the phenomenon of 'credentialism' can be accomplished by adding to it what Bhagwali and Srinivasan (1977) refer to as the 'fairness of hiring' principle. Credentialsim refers to a situation in which there are several levels of jobs with regid wages, and several levels of education, and in which

preference for hiring in a particular job is always given to the applicant with the higher educational qualification. As the educational system expands, and provided the wages remain rigid, this leads to a gradual process in which workers with increasingly sophisticated educatioanl qualifications crowd out those with less advanced credentials in successively less complex and less well-paid jobs. This process, however, primarily depends upon the speed with which job seekers lower their expectations.

The basic idea of rent-bearing jobs and credentialism is indicative of the fact that wages are determined on the basis of non-market forces, resulting in waste of resources (through unemployment or under-employment). However, an unsatisfactory aspect of these models is that they offer little evidence or analysis of the role of institutional factors and how in practice they influence wage stickiness.

1.5. A CONCEPTUAL FRAMEWORK

The analysis in this chapter so far does not point to any single dominant labour market theory that could successfully explain the pay determination problem in a less developed economy, let alone the public sector of such an economy. However, it does reveal that these theories largely lie within the ambit of two broad approaches: the market forces and the institutionalist schools of thought. These are considered below as the basis for a conceptual framework for analysis of public sector pay determination in the Sudan.

With reference to wage theory, essential aspects of the competitive model include: a) ready mobility of labour; b) opportunities to substitute other factor inputs for labour are readily available; c) the market provides adequate information to induce re-allocation of labour in res-

ponse to relative sectoral or regional wage differences, to encourage up-grading of skills in response to occupational wage differences and to facilitate continuous re-selection of a profit-maximising technology in response to relative factor price changes; and d) no single economic unit is large enough to exert control over either prices in the commodity market or wages in the labour market. The first three conditions are necessary to ensure that resources can be allocated optimally via the market mechanism. The fourth condition ensures that people will re-allocate or engage in training to maximise income and firms will readily change technology to maximise profits.

Assuming these essential competitive conditions in the labour market, several expected results can be derived, especially under the conditions of rapid increase in the supply of labour. These results include: a) within each skill category inter-and intra-sectoral wages will tend to equalise over time; b) within each skill category wages among regions will tend to equalise over time; c) an increase in the proportion of the growing labour force that has obtained formal education will tend to reduce the differentials among skill categories; and d) the differential between unskilled wages in the formal sector and the average income of the labour force outside the sector will tend to decline.

Although many of the competitive model assumptions are irrelevant in the case of the public sector pay determination processes in the Sudan or elsewhere, the main hypothesis to be tested, that excess supply of labour tends to lower wages and excess demand to raise them, remains. However, the major problem which one faces in such analysis is that of the quantitative assessment of the demand for and supply of labour in the public sector labour market. The information regarding the public sector's demand for manpower, and the worker's willingness to work at

a given wage rate is lacking so that the numerical calculation of excess demand and supply becomes impossible. Alternatively, the aggregate trends in the labour supply and demand will be compared with the wage rates fixed for certain occupational categories since the 1950s. It is acknowledged that such an exercise leaves many questions unanswered, but it may nonetheless serve as a rough indication of the influence (or lack of influence) of market forces in the Sudanese public sector.

The second school of thought contends that extensive institutional interventions in the labour market in LDCs (and the Sudan is no exception) serve to prevent the realisation of expected competitive market results.(41) Central to this institutional thesis in the public sector labour markets is the role of the government itself. This role can take various forms. One form is the government as the wage leader. In this role the government may set wage levels for its employees above their opportunity cost because it wants these wages to serve as a pattern to be followed by the private sector. Also, the motivation for relatively high public sector wages may reflect self-interest by a certain class in the society which has disproportionate political and economic control.

Trade union power has long been established as a form of institutional intervention in the labour market. However, there is great uncertainty regarding its exact role in raising wages above the market-clearing levels in LDCs. In the absence of adequate collective bargaining machinery, as is the case in the public sector in the Sudan, even yardsticks such as the degree of unionisation become irrelevant since it is not possible to compare relative pay gains arising from negotiated settlements.

In line with the objectives of this thesis outlined in the introduction, analysis in subsequent chapters will allow us to examine the relative impact of market forces and institutional factors on public

sector pay determination processes in the Sudan. The implications of the findings for the existing theoretical base, which clearly suffers from wide gaps (particularly regarding public sector pay), will be considered in Chapter 9 where a refined framework for future research will be proposed. In the meantime it is essential as a first step to examine the state of labour supply and demand in the Sudan which is the subject matter of Chapter 2.

N O T E S

1. See Paul Samuelson, Economic Theory and Wages in J Stiglitz, The Collected Scientific Papers of Paul Sanuelson, 1966, pp 1557-1587.

2. See R McConnel (197=), Perspecives on Wage Determination, p 14 and A Ross (1970), Trade Union as a Wage Fixing Machinery, ibid.

3. See ILO (1987a) World Labour Report, p 91.

4. Available evidence on the subject included in J B Knight (1967), E C Iwuji (1980), Z Siwale (1981, A Smith (1967) and K Taira (1966).

5. See P Gregory (1974).

6. See Z Siwale (1981), pp 35-60.

7. See M Reder (1962), pp 276-293.

8. These methodological problems have been summarised by E Berg (1969); they include:

   a) job definitions and contents differ between countries;
   b) different definitions of wages are used;
   c) earnings data are not generally available;
   d) fringe benefits are usually not taken into account in a systematic way;
   e) in many LDCs the range of earning rates for various skills is very wide presenting problems of choice of representative wages.

9. See H A Turner (1965), and Richard Sabot (1977).

10) See H Turner, op cit, p 17, and L G Reynolds (1965). Although both these studies were conducted in the 1960s, their arguments can still be valid because it takes long before a change in attitudes can occur.

11. See S A Palekar (1962), p 216.

12. See Dudley Seers (1962), pp 77-79.

13. See H Rempel and W House (1978).

14. See ILO (1987a), op cit, p 91.

15. See J Fry (1979), pp 353-356.

16. See Arthur Lewis (1954), Economic Development with Unlimited Supplies of Labour.

17. ibid.

18. ibid.

19. ILO (1987a), op cit, p 92.

20. The model derives its name from the well-known articles by J R Harris and M P Todaro (1970), and M Todaro (1969).

21. See M todaro (1976).

22. See J Stiglitz (1974, 1976).

23. See K Basu (1984), pp 59-68.

24. The deminal work on this subject appeared in the late 1950s in H Leibenstein (1957), and recent years have witnessed a resurgence of interest in this area. See, for example, J Mirrlees (1975), G B Rogers (1975), Stiglitz (1976) op cit, and Bliss & Stern (1978).

25. J Stiglitz (1976), op cit.

26. See J fry (1979), op cit, p 353.

27. See B Hansen (1983).

28. For detailed account of theory, see Doeringer and Priore (1971).

29. idid.

30. See Siwale (1981) and B Hansen (1983), op cit.

31. See W House (1984).

32. See Reich et al (1973, and Doeringer and Piore (1971), op cit.

33. See D Mazumdar (1981), p 19.

34. See W House (1984), op cit, p 412.

35. See M Gunderson (1979).

36. See Rempel and House (1978), op cit.

37. The primary-secondary labour market distinction in the United States literature is built around the association of jobs of different types with labour of different types - the relatively less educated, women, blacks tending to have access only to inferior jobs, merely reinforcing inadaptation of jobs in the primary sector.

38. For the first ever collection of papers on this theory, see J Buchanan and R Tollison (1980).

40. ibid. Somewhat different versions of the 'bumping' model were independently developed by G Fields (1974) and J Bhagwati and T Srinivasan (1977).

41. See P Gregory (1975), p 96.

C H A P T E R T W O

THE STRUCTURE AND FUNCTIONING OF LABOUR MARKETS IN THE SUDAN

2.1 SOCIO-ECONOMIC BACKGROUND

2.1.1 Geography

Sudan is the largest country in Africa and the ninth largest in the World covering an area of one million square miles. Thus, it is over ten times the size of the UK and is as large as the whole of the EEC plus Austria, East Germany and Switzerland - approximately equal to the area of the USA east of the Mississippi River. The country is flanked by Egypt to the north, Ethiopia to the east, Kenya, Uganda and Zaire to the south and by the Central African Republic, Chad and Libya to the west. Moreover, it is separated by the Red Sea from Saudi Arabia. Stretching more than 1200 miles from north to south and nearly 1000 miles east-west, the Sudan is physically and culturally very heterogeneous with an environment ranging from deserts, savannah grasslands, mountains and swamps to equatorial forests, and with Muslim/Arabs in the north to Christians and non-religious Africans in the south. Although much of the northern and central territorities are desert or semi-desert abundant water supplies for irrigation are provided by the River Nile and its two tributaries the White and the Blue Nile. Adminstratively, the country is divided into nine regions and each region is subsequently sub-divided into provinces as follows:

1. Northern (Northern and Nile provinces)
2. Eastern (Kassala and Red Sea provinces)

3. Central (Gezira, Blue Nile and White Nile provinces)
4. Kordofan (Northern and Southern Kordofan provinces)
5. Darfur (Northern and Southern Darfur provinces)
6. Equatoria (Eastern and Western Equatoria provinces)
7. Bahr-El-Ghazal (Eastern, Western and the Lakes provinces)
8. Upper Nile (Upper Nile, Jongeli and Unity provinces)
9. Khartoum (Khartoum province)

2.1.2. Economy

The Sudan is among the world's most economically underdeveloped and poorest countries with a GDP per capita in 1985/86 of US $370. The economy is based heavily upon agriculture both in terms of its direct contribution to GDP and as a source of intermediate inputs into industrial production. Virtually all of the Sudan's visible exports are agricultural with cotton as by far the most important single item. As Table 2.1 shows; in 1985/86 agriculture accounted for 36 per cent of GDP with 'trade and finance' as the second biggest sector at approximately 26 per cent. Manufacturing accounted for 7 per cent, construction for 5 per cent and services (transport, public and personal services) for 23 per cent. Three types of agriculture are practiced in the Sudan; irrigated (basically producing cotton), mechanised rain-fed and traditional rain-fed in which sorghum and groundnuts are produced. Livestock husbandry is another important activity in the Sudan particularly in the Western and Southern regions. In 1984/85 the value of livestock exports as percentage of total exports accounted for 35 per cent. The industrial sector in the country is small and dominated by manufacturing. Manufacturing production consists of food processing industries such as sugar, flour and vegetable oils as well as other industries such as textiles, cement, refining of imported crude oil, and prod-

uction of other consumer goods such as cigarettes, shoes, mineral waters, tyres and tubes. Although some of the industrial activities, notably food processing, are based on domestic inputs, most others are largely dependent on imported inputs. Production is, therefore, highly dependent on a healthy balance of payments position. Another feature of the Sudan's industry is that its output is essentially directed towards domestic consumption.

Two decades ago, the Sudan was hailed to be the potential 'bread-basket' of the Middle East through an anticipated 'happy marriage' of Arab capital and domestic resources of untapped arable land and cheap labour. By the early 1980s, the dreams of the early 1970s had proved to be grossly unfounded. The 1983/84 famine represented the culmination of a number of emerging problems which, together with inherent structural factors, account for the present-day economic crisis.

The economy has declined steadily over the past decade or so. Table 2.2 provides an overview of the major performance indicators. Although GDP showed little or no growth between 1975/76 and 1985/86, population grew at about 2.8 per cent a year with the result that real per capita GDP declined by about 2.3 per cent a year. The current account deficit of the balance of payments worsened going from 8 per cent of GDP in 1975/76 to over 17 per cent in 1981/82. Although the 1985/86 current account deficit was reduced to 11 per cent of GDP, it was still very high and unsustainable. The budget deficit continued to rise from 4 per cent of GDP in 1975/76 to 13 per cent in 1985/86, and was increasingly met through money creation, which pushed inflation to an average of 25 per cent a year over the period.

No one factor can account for the failure of the economy to develop since 1975. The Sudan's problems started with the oil crisis of 1973/74. As one of the poorest oil importing countries, the rise

in the prices of oil as well as capital goods had a devastating effect on the country's terms of trade, increasing substantially the import bill while the exports which are primarily raw materials suffered from the impact of world economic recession and prices fell sharply. Thus, severe foreign exchange shortages began to develop since the mid-1970s affecting seriously the overall performance of the economy.

The performance of different sectors has deteriorated continuously over time. As already indicated agriculture is the Sudan's major economic activity. This sector experienced substantial difficulties in the 1970s and 1980s. The irrigated sub-sector suffered from the problems of declining yields and rising costs for most of 1970s, as well as from unfavourable export prices and an institutional setting which weakened production incentives. However, during 1981/82 - 1983/84, as a result of higher prices paid to farmers, following devaluation of the Sudanese pound, and a change in institutional arrangements and following rehabilitation of the irrigation canals, output of the irrigated sub-sector slightly improved but it started to decline again since then and the increase in output in 1985/86 was 12 per cent relative to 1981/82 levels (see Table 2.3).

During 1981/82 - 1984/85 crop production in the rain-fed sector declined by 71 per cent as a result of consecutive years of drought. In 1985/86 the situation was slightly improved but it was still 24 per cent less than 1981/82 production levels. Livestock production declined by 22 per cent since 1981/82. The poor performance of the Sudanese economy can, therefore, be largely attributed to the poor performance of the agricultural sector in the 1970s and 1980s since this sector accounts for more than a third of total output and 80 per cent of total exports.

With the emergence of foreign exchange problems and the successive devaluations of the Sudanese currency since 1977/78, the manufac-

turing sector has run into severe difficulties. In physical terms the output has declinded and its percentage share in GDP dropped from 7.9 in 1981/82 to 6.9 in 1985/86.(1) Many factories have been forced to close down, and those still in operation are operating at only 40-50 per cent of their rated capacity.(2) The major factors responsible for declining manufacturing output and low capacity utilisation can be identified as: (a) shortage of raw materials conisting of imported inputs due to foreign exchange constraints and declining agricultural inputs as a result of the drought; (b) shortage of fuel, electricity and spare parts; (c) shortage of skilled labour and managerial staff owing to emigration; (d) financial and liquidity problems arising from lower rates of return and high interest rates; and (e) marketing problems.

The investment boom in physical infrastructure, especially in roads such as the Khartoum-Port Sudan Link and the construction of the pipeline, were justified and may have served to reduce the running costs of transport. But they were not called upon to meet the need for which they were essentially designed, that of moving increasing amounts of domestically produced goods. Such an increase in output never materialised. Moreover, the vast sums spent on the construction of the Jongeli Canal and oil exploration have had no benefits as the work is incomplete and currently suspended because of the civil war. In other areas investments have failed to generate commensurate increases in production. Sugar and textile development projects did not meet the targets in terms of completion and production and the difficulties were compounded by the need to raise extra capital and to service debt before the returns from these investments were available. Also, a succession of schemes for rehabilitation in Gezira Board, railways, water transport and electricity generation did not seem to bring about the improvement required and deterioration continued. Recently, government investment in new ventures has been largely restricted and efforts

have been directed towards the rehabilitation of existing projects. Generally, investment fell from 23 per cent of the GDP in 1975/76 to 12 per cent in 1985/86, of which an increasing share (up to 50 per cent in 1985/86) is for residential housing. Both private and public investments in the productive sectors declined. Circumstantial evidence shows speculative investments in real estate and hoarding have increased. The relative increase in residential housing may be part of this pattern.(3)

There is little doubt that the country's problems have been significantly exacerbated by past policies which have been dictated by the World Bank and the IMF or pursued by the government at its own discretion. The Sudanese Pound has been devalued against the US Dollar by approximately 1200 per cent (£s1= $2.87 to £s1 = $0.22) since 1978 to provide incentive for the production of tradeable/exportable goods and to reduce the imports.(4) However, experience of the recent years demonstrates that devaluations by themselves are ineffective for bringing about the required changes in the real economy. They did not lead to any increase in exports and evidently they have contributed substantially to the apparent bottlenecks and skyrocketing inflation.

Fiscal policies have never been adequate either to reduce expenditures or to increase government revenue; thus by the end of 1985/86 overall deficit was 12.7 per cent of GDP. Frequent changes in procedures, laws and regulations in recent years have created difficulties and exerted pressure on the Sudan's public finances. For example, in 1984/85 the fiscal year was changed to correspond to the Islamic calender year, but then the July-June fiscal year was reinstated, with the result that normal budget procedures were upset contributing to the erosion of expenditure controls. Also in 1984, the structure of the taxation system was drastically altered with the abolition of in-

come tax and the introduction of 'Zakat'.[5] As a general income tax, the revenue potential of the Zakat was limited because the flat rate on income and profits was only 2.5 per cent, although agricultural crops were taxed between 5 and 10 per cent. In addition, the Zakat was levied by local Zakat committees for social welfare purposes and little money was returned to the central government. Despite the establishment of a Social Justice Tax in November 1984 and the reinstatement of some of the taxes in 1986, such changes had adverse implications and weakened the tax base and its administration. Another factor that has seriously eroded the tax base is the tight foreign exchange situation. The government has relied on import taxes for approximately 45 per cent of its total revenue. With the shortage of foreign exchange, however, the level of imports has dropped, and likewise the level of import taxes. Moreover, with the persistence of price and exchange rate controls in recent years, a significant proportion of economic transactions has shifted to the unofficial economy where they can escape taxation. To the extent that goods are smuggled into the country, the government loses revenues from import duties and other forms of taxation. As a result revenues from tax fell from 11.9% of GDP in 1980/81 to 7.4% in 1985/86. Non-tax revenues of the central government, also, have declined from 2.8 per cent of GDP to 1.0 per cent during the period primarily because of the deteriorating financial situation among the parastatals. Compoundly, these declines made the ratio of total revenues to GDP to fall from 14.7 per cent in 1980/81 to 8.4 per cent in 1985/86 (see Table 2.4). Table 2.4 also reveals that the total expenditures have fallen slightly owing much to the relatively large fall in development expenditure. In 1984/85 and 1985/86, the average growth in total expenditure was, however, still 34 per cent which indicates a highly inflationary growth. Thus, the weak performance of

the government in the field of taxation from 1980/81 to 1985/86 caused the fiscal accounts to deteriorate by an amount equal to 6.3 per cent of GDP which was financed mainly by a fall in current expenditures of 2.0 per cent of GDP, development expenditures equivalent to 3.3 per cent of GDP, and by a 1.5 per cent increase in foreign aid or debt rescheduling.

The Sudan's balance of payments and debt services situation which was relatively healthy in the early 1970s began to run into trouble by the mid-1970s.(6) The deterioration was caused by decline in exports, resulting mainly from declines in cotton exports, and sharp increases in imports associated with the economic expansion of the mid-1970s, as well as to increases in the prices of imports, particularly of petroleum. The rise in the debt service burden followed the increased dependence on the inflow of foreign loans and credits for the finance of development expenditures especially in the face of falling export earnings. The current account deficit has fluctuated around US $900 million except in 1981/82 when it reached a record level of US $1.3 billion (see Table 2.5). Imports were 17.1 per cent of GDP in 1985/86 and export revenues have been decreasing since 1983/84 and two years later were 9.0 per cent of GDP, creating a resource gap of 8.1 per cent of GDP. The balance of payments problems have been aggravated by the need to divert more funds to debt servicing. The latest figures available indicate that by the end of 1986 the Sudan's external debt had increased to US $13 billion. Scheduled debt service obligations in 1985/86 were US $1241 ie twice as much as the total export revenues for the same year. However, during the last four years, Sudan has been devoting no more than 21 per cent of its combined revenues from exports and workers remittances for debt service obligations. This unmanageable debt burden has generated great uncertainty about the foreign exchange resources

leading to inadequate industrial and agricultural production because of shorages of imported inputs, which combined with exchange rates speculation made inflation inevitable.

Failure to manage the country's external financial position has been matched by inability to contain the need for advances from the banking system to the government, the parastatals and private sector. The result has been a large increase in the money supply, expanded from £s246 million in 1973/74 to about £s6914 million in June 1986. This expansion had major inflationary consequences and led to multiple devaluations which further fuelled inflationary pressures.

An almost endless list of reasons could be drawn up to explain the current economic crisis in the Sudan. The 1983/84 famine and drought had dramatic effects not solely in terms of the loss of output or the human misery but also in the extra financial and administrative burden to deal with its effects. The civil war in the south has been another major source of economic problems. In addition to its human, social and political costs, without it some oil might have been produced, and irrigation water increased; national production and trade would have been enhanced, government expenditure would have been easier to contain and revenues increased.(7)

The exodus of Sudanese skilled labour and professionals to neighbouring Arab oil-rich countries, and, at the same time, the influx of more than a million refugees from neighbouring famine and war hit African countries has also contributed significantly to the current deterioration in economic performance (to be discussed in more detail below). Thus, as the ILO (1987) stated:

> "No single cause is in itself sufficient to explain the decline. And no single cause operates in isolation from the rest; in total they are mutually re-inforcing and the overall impact of their effects is greater than the sum of their direct effects".(8)

It goes without saying that the discussion above is essential to understand the background to the labour market and eventually the pay determination problems experienced in the Sudan.

2.1.3. Population

Table 2.6 gives the estimates of the population of the Sudan at various census dates, the urban-rural distribution and the intercensal growth rates. According to the results of the 1983 census the total population amounts to 21593 million; of which 80 per cent is in the rural sector and 20 per cent in the urban sector. The average intercensal growth rate increased from 2.2 per cent per annum during the period 1956-73 to 3.8 per cent between 1973 and 1983, essentially because of the influx of refugees in recent years. Available data suggest that very little change in fertility is taking place while mortality is declining slowly.(9) If an annual growth rate of 2.8 per cent is assumed it means that the population is doubling every 25 years.

The figures in Table 2.6 may suggest that the pace of urbanisation is slowing down, but the picture is blurred because of emigration of urban dwellers since 1973. In the Sudan, as elsewhere in Africa, rural-urban migration is gaining momentum. Assuming that about half a million uraban dwellers have emigrated - which obviously is an under-estimation - it can be said that the urban population has increased by 6 percent per annum. With a natural rate of demographic growth of 2.8 per cent it appears that an average of about 1.2 per cent, or 200,000, at the present time, of the rural population migrates each year to urban centres.

The geographical distribution of the population has undergone substantial changes in the past few decades, as is shown in Table 2.7. Although the data are of dubious quality they, nonetheless, give a rough

indication of population mobility. Over the period, there has been an outflow from the Northern Region and to a lesser extent from Kordofan and Equatoria Regions basically because of international migration in the first, drought in the second, and the civil war in the third instance. At the same time, the Eastern and Darfur Regions absorbed substantial inflows mainly from Eritrea and Chad respectively. The Southern Regions first experienced a decrease in the relative share of its population during the 1960s but the temporary halt in the civil war in 1972 and the inflow of refugees from Uganda and Zaire brought them back to about one quarter of the country's total population. Table 2.7 shows that the share of Khartoum increased from 5 per cent in the Sudan's population in 1956 to 8 per cent in 1973, and to 9 per cent by 1983, indicating the magnitude of rural-urban migration in the country.

Other characteristics of the population reveal that 13 per cent of rural population in 1983 were nomads concentrated in Kordofan, Darfur and the Eastern Regions. The age structure of the population in 1983 was for the age group 0-14 45.4 per cent, for 15-64 years 51.8 per cent, and for 65 and above 2.8 per cent.(10) Prolonged high demographic rates of growth obviously affect the age structure of the population: the child dependency ratio increased from 0.77 in 1956 to 0.82 in 1983.(11)

2.1.4. Labour Force

A number of problems arise with regard to labour force participation measurement in the Sudan. Labour force information available is fragmentary and inadequate. The 1983 census was expected to provide a comprehensive set of data, but after nearly five years the final results of the census have yet to be published owing to technical problems. Other sample surveys are unreliable because of restricted coverage and differences in definitions and concepts used. Furthermore, it is dif-

ficult to establish precise definitions or measures of labour force participation. In an economy in which market conditions allow for the majority of workers to be in paid-employment, in stable jobs with standardised hours of work, and in which there are accepted norms of working days, working conditions and rates of pay, it may not be difficult to set boundaries to what constitutes 'economic activity'. Such conditions are not widespread in the Sudan and wage-employment is a a minority activity in the Sudan. Many people in rural areas work in the subsistence agricultural sector in which work, leisure and consumption intermingle. Social activities essential in some societies may be regarded as casual leisure pursuits in others. For instance, men sitting under a tree in Kordofan deciding what to do about a local dispute would probably not be called working; yet in Khartoum their informal deliberations would be replaced by salried employment of judges.

Measures of female economic activity in the Sudan are, also, confusing. Activities women undertake, ostensibly outside the labour force, such as collecting firewood, fetching water, milking and feeding livestock, weaving mats, etc, are of as much use-value as being economically active in the more conventional sense.(12) Hence, official statistics seriously underestimate female labour force participation. A recent study tried to measure the extent of the underestimation of urban female labour in the 1983 census and found that in urban Khartoum as much as 38 per cent of it was unrecorded. Most of this consisted of activities in the informal sector such as selling food and clothes, traditional hairdressing, dyeing hands and feet, etc.

A further problem arises from the fact that in rural areas children engage in economic activities from a very early age, while the age of retirement is open-ended, since few people have access to a formal

social security system. For practical reasons, the official statistics in the Sudan define the potentially active population as those of 15 years and above. The discussion which follows is based on statistics from the national censuses, ILO missions' estimates and various other reports. They should be read, however, with the above-mentioned reservations in mind.

Table 2.8 shows that in 1983, the total labour force amounted to 6.5 million resulting in a crude participation rate of 30 per cent. Approximately 80 per cent of the total labour force is male and nearly the same percentage is in rural areas. Regional distribution reveals that 50 per cent of the Sudan's labour force dwell in only three regions, (Central, Kordofan and Darfur).

Table 2.9 indicates that the overall participation rate has changed very little between 1956 and 1983. The participation rate among males has declined but this can be explained by the growth of secondary and higher education over the period. The educational factor along with the gradual relaxation of cultural obstacles, and the financial pressures of recent years may be responsible for the apparent increase in female participation rates. Figures in Table 2.9, show that male participation rates are not significantly different between urban and rural centres. Female participation rates, by contrast, are substantially lower in urban centres since women's major activity is agricultural work (Islamic tradition presents obstacles to women's work outside the household). In rural areas there are more opportunities for households (including women) to engage in conventionally defined production activities within their own premises or family unit. For example, the use of migrant household labour in commercial farms and the large irrigated schemes enables wives, daughters and sisters to work alongside men. This may imply that rural-urban migration would

lower the overall female participation rate as intra-household production is less widespread in urban areas; but such an effect, however, may be offset by increased education opportunities and the prevalence of more liberal attitudes towards women's work, reflected in the nearly doubling of urban female participation rate between 1973 and 1983.

It is not possible, given the existing data base, to provide an accurate breakdown of labour force in sectoral and occupational terms. Nevertheless, Tables 2.10 and 2.11, based on 1973 statistics, provide some indicators.(13) As seen, the agricultural sector is the largest source of employment. Its share is 65 per cent, while the share of services, the second largest sector, is only 10 per cent. The contribution of the manufacturing sector in the overall employment in the Sudan is still relatively insignificant at 5 per cent. Family and own account workers together with employers represent a group which is twice the size of the salaried and wage earners group, not surprising since workers in rural areas and small farmers in particular work on their own plots. The occupational structure of the labour force (Table 2.11) exactly mirrors the economic structure of the Sudan. The bulk of the active population work as agricultural labourers while the managerial class is restricted to the few large-scale production or service units in existence. The relatively sizeable category labelled 'others' comprises workers who are not classifiable by occupation; most of these are in the informal sector and available for any kind of work.

ILO (1987) estimated that, assuming no change in the refugee situation in the country, the labour force will increase by 2.5 per cent per year over the next 10-15 years. In absolute figures, this requires the creation of some 150,000 additional jobs per year to provide adequate

employment. By the end of the century, some 250,000 additional jobs will be required annually. The urban labour market will be under severe pressure, since the supply of labour there is expected to grow by 150,000 units per annum by the end of the century, compared to approximately 70,000 today.(14)

2.1.5. Education

At independence the literacy rate was 10 per cent and only one in eight to ten children of school age was enrolled in primary school.(15) In the post-independence era and particularly since the 1970s, the Sudan has made substantial progress in its education and manpower development as evidenced by increase in enrolments. For example, enrolment in primary schools increased by more than twice from 746049 in 1970/71 to 1,653,491 in 1984/85. However, the enrolment rate in primary schools was still only 48.7 per cent (Table 2.12), well below the 76 per cent achieved on average by low-income African countries among which the Sudan is classified. Primary enrolment in the Sudan is substantially below the country's own target set in early 1970s of 60 per cent by 1977. Although in the late 1970s universal primary education had been expected by 1990, a new target for achieving this has been set for the year 2000.(16)

The national average masks wide differentials in primary school enrolment in different regions. While enrolment rates in 1984/85 were 94 per cent in the Northern region, 87 per cent in Khartoum and 67 per cent in the Central Region, the rates were notably low in other regions: Eastern Region 43 per cent, Kordofan 45 per cent, Darfur 36 per cent, Upper Nile 16 per cent, Bahr-El-Ghazal 6 per cent and Equatoria 45 per cent (Table 2.12).

As might be expected the overall enrolment rate for girls is lower

than for boys. In 1983/84 enrolment rate for boys was 51 per cent, and that for girls was 39 per cent. There was little difference in the enrolment rates between boys and girls in the Northern, Khartoum and Central regions where male rates were 83 per cent, 81 per cent and 71 per cent respectively, compared to female rates of 83 per cent, 75 per cent and 61 per cent. However, in the regions where overall performance was well below average, the differences in enrolment rates were much larger. Enrolment rates for girls range from 3 per cent in Bahr-El-Ghazal to 35 per cent in the Eastern Region. The largest boy/girl differentials are in Bahr-El-Ghazal, Upper Nile, Kordofan, Equatoria and Darfur.(17)

The expansion in school enrolment at the secondary level (which consists of a three-year intermediate level and a three-year secondary school split into general and technical secondary school)(18) has been more rapid than that in the primary level. Whereas primary school enrolment doubled between 1970/71 and 1983/85, enrolment at the secondary level increased nearly sevenfold in the same period(19) (from 75,483 to 512,555). According to World Bank data, the enrolment rate of the combined secondary level in the Sudan is about 20 per cent, higher than the 13 per cent average for low-income sub-Saharan Africa.(20) However, like the primary school enrolment rates, there is considerable variation across the regions and sexes with the Southern and Western regions being the most deprived (Table 2.12).

The progress in higher education in the Sudan is relatively greater than at both the secondary and primary school levels. The enrolment rate in higher education, estimated at 2 per cent in 1983, was double the average for low income sub-Saharan African countries,(21) whereas, as we have seen, the primary school enrolment rate was well below the African average and the secondary enrolment rate was higher by 7 percentage points. This has raised some concern that the Sudan's higher

education may be relatively overdeveloped in relation to other levels, as shown by unfavourable middle to high level manpower ratios.

At present the higher education system consists of four national Universities, Khartoum, Omdurman Islamic, Gezira and Juba, as well as the University of Cairo, Khartoum branch and a number of technological institutes and specialised colleges, of which the most notable is the Khartoum Polytechnic. Total enrolment in higher education in the Sudan in 1984/85 was 36,226 (see Table 2.13 for the details). This means an increase of 64 per cent since 1974/75. About 25 per cent of the students of Khartoum are enrolled in arts and social sciences, with another 15 per cent in law and education, and 60 per cent in scientific and technological studies. In Gezira only 25 per cent are in social sciences and in Juba about 50 per cent of the students are enrolled in scientific and technological subjects. However, in the University of Cairo, Khartoum branch - which provides about 60 per cent of higher education opportunities within the country - nearly all students are enrolled in commerce, law and arts, with less than 0.5 per cent of its students in mathematics.(22)

Male/female differentials in higher education have declined over the last decade. The overall female enrolment increased from 17 per cent in 1974/75 to 35 per cent in 1984/85. At the University of Cairo, Khartoum branch, female students now account for 40 per cent of total enrolment, 30 per cent in the University of Khartoum, 28 per cent in the national institues, 27 per cent in Gezira, and 15 per cent in Juba.

Outside the formal school system training is provided basically by the Vocational Training Centres (VTCs) which are designed to provide apprenticeship and crafts training essentially for graduates of the intermediate level of education. There are currently eight such centres, in which training is provided in a wide range of skills, such as auto-

mobiles, building, furniture, leather work and secretarial skills.(23) The capacity of these centres is estimated to be 2,500 trainees, with about 1,000 skilled and semi-skilled trainees passing out annually.(24)

Other forms of training include youth training and adult literacy and training. There are currently 24 Youth Training Centres (YTCs), mainly in urban areas, designed to provide pre-vocational training for primary school leavers who have been unable to proceed to the intermediate stage of formal education. It is estimated that the maximum capacity of these centres under the apparent financial resources constraint, is about 5,000 students annually.(25)

Overall literacy rates in the Sudan are poor. It is estimated that 70 per cent of the economically active population is illiterate and the ratio is 93 per cent amongst agricultural workers. The National Council for Adult Education organised literacy classes for 101,693 adults in 1983/84 but only 17 per cent of those were farmers and farm workers.(26)

2.2. AGRICULTURAL LABOUR MARKETS

As stated earlier in this chapter, the agricultural sector in the Sudan is the sector which provides the bulk of employment. With the exception of about 20 per cent pastoralists, the total rural labour force is engaged in agricultural activities. Agricultural labour markets are divided into three sectors: traditional, mechanised rain-fed, and irrigated farming.

2.2.1 The Traditional Farming Sector

This sector accounts for about 50 per cent of total agricultural acreage - in 1982/83 it was estimated that 7.82 million feddans were cultivated in the traditional sector.(27) The typical size of the individual holding is small, varying between 2 and 20 feddans. The prin-

cipal crop is dura (sorghum) which takes about a third of the land utilised. Other crops include millet, sesame and groundnuts. While most of the production is destined for household consumption, small quantities are marketed. This sector, however, is distinguished from the other sectors discussed below by the absence of both mechanisation and irrigation.

Farm incomes are generally low and have to be supplemented by wage employment, trading or crafts and trades such as blacksmithing, carpentry, tailoring or hut building. The Rural Labour Markets Survey - conducted by an ILO team in 1982/83 - found that 30 per cent of all resident rural workers had other supporting jobs besides their principal occupation, while a further 6 per cent were seeking additional work. Nevertheless, it is the case that even smallholders may hire in outside labour during the peak season for weeding, harvesting and threshing. Even amongst households with holdings of less than 10 feddans, 11 per cent hire harvest labour. The proportions of households with hired labour rise rapidly with farm size as does hired labour per feddan.(28) El-Bagir et al (1984) suggested three possible explanations for this reliance on hired labour: firstly, the household may have insufficient labour available, secondly, the farmers may calculate that they get higher net returns if they take on hired labour, and the third stems from the 'noticeable' phenomenon of young men's disdain for hard manual work in the farms.(29) Whatever the case, P Fallan (1987) argued that such evidence on the traditional farming sector is

> "... consistent with the existence of a rationally functioning labour market unlike the contrary evidence for some other African countries".(30)

2.2.2. The Mechanised Rain-fed Sector

Mechanised farming in the Sudan was introduced in 1945 by the colonial government to increase sorghum production. Since then the sector expanded substantially particularly when it was opened to private entrepreneurs. The existing mechanised farm sector is concentrated in the Eastern Region with some farms in the Central and Kordofan regions. Each scheme accounts for between 1,000 and 1,500 feddans per year and average farmers cultivate about 3 schemes although some holdings are as large as 35,000 feddans. Mechanised farms currently represent 37 per cent of the total cultivated area in the Sudan, with sorghum as the principal crop, although sesame and groundnuts cultivation has begun to expand recently. About 40-50 per cent of the production is targeted towards export.

The main labour input to mechanised farms takes the form of unskilled labour required in the two peak periods of weeding (August-September) and harvesting (November-December). Other activities are basically mechanised. It is difficult to estimate accurately the man-days required in this sub-sector as much depends on the crop, weather conditions and degree of mechanisation. Thus, available estimates seem to vary widely. The ILO, Employment, Grow and Equity mission to the Sudan estimated that 11 man-days were required annually per mechanised feddan of sorghum in 1973/74 and projected a figure of 8 man-days for 1980. More recent estimates available suggest relatively higher figures. The ILO Rural Labour Survey - cited above - estimated that in 1982 13 man-days were needed for a feddan. The Rural Labour Study by the Ministry of Finance and Economic Planning (1983) estimated the same figure (13 man-days)for sorghum, 10 for sesame and 20 man-days per feddan of cotton annually in this sector.(31) In 1982/83 mechanised farms accounted for a cultivated area of 5.5

million which would therefore require, using the Ministry of Finance estimate for sorghum, some 72 million unskilled man-days or 720,000 temporary workers at 100 days each.(32) Moreover, it has been estimated that a further 11,000 drivers and service workers are required each year.(33) Lately it has been reported that over 8.5 million feddans were planted in 1986/87.(34) If true, then there must be a substantial increase in demand for labour in the mechanised sector during the last couple of years.

The labour supply comes from two major sources: temporary seasonal workers and local villages. The former include seasonal migrant workers and refugees from Eritrea and other parts of Ethiopia. The great bulk of the migrants come from other rural areas of the country (the Western regions of Kordofan and Darfur). Seasonality of their work and the very small yields of the small traditional farms lead many small farmers to seek wage employment in large-scale mechanised farms. The ILO survey in 1982 found that just over one-half of their respondents came from the West while 19 per cent were refugees. Virtually all of the migrants are male and the Rural Labour Survey has shown that their average educational level is below that of the local resident population. Workers are recruited either by contractors at their place of origin or through the recruitment offices of large commercial farmers and the Mechanised Agricultural Corporation (the state mechanised farming body). E El-Bagir et al (1984) reported that wages for each kind of work (harvesting, weeding, etc) and for different crops (dura, sesame, etc) were negotiated separately. This study indicated that, in view of the growing numbers of refugees as well as migrants from other drought-hit areas, workers are accepting employers' pay offers well below normal expectations.(35)

2.2.3. The Irrigated Agricultural Sector

The irrigated agricultural schemes play a strategic role in determining the level of output and employment in the economy as a whole. Not only do they produce the country's principal export crop-cotton, but they are also of great relevance to the rural labour market providing employment for a large sector of the seasonal migrant labour. These large-scale publicly owned schemes cover more than 3.5 million feddans, and are located mainly in the Central and Eastern regions around the banks of the Nile and its tributaries.

The most important and model scheme is the Gezira scheme (2.1 million feddans, established in 1925).(36) The scheme is split into a large number of individual tenancies (102,000 in 1980) of which 80 per cent lie in the 15 to 20 feddan range while the remainder vary between 30 and 40 feddans. The Gezira Board provides a range of services some of which are paid for by the tenants including land preparation for cotton and the irrigations themselves. Since 1981, the scheme has introduced an individual account system which means in principle a loss making tenant may be evicted, although in practice such evictions are rare.

The contract between the individual tenant and the Board is central to the operation of the labour market. The tenant is expected to manage and farm his holding employing his family and with additional hired labour at the two peak periods of weeding (September-December) and cotton-picking (January-May). Prior to each season, the Allocation Committee meets to determine key policies such as crop rotation and the size of cash advances to tenants. The latter represent an important means by which tenants finance wage costs and it has been argued that as tenants normally take up the maximum available advance, the possible inadequacy of such advances may act as a brake on labour

demand.[37] Against this may be set the fact that tenants are allowed to roll over accumulated losses. Thus, the demand for labour from tenants depends upon factors such as availability of labour in their own households, the height and the width of the seasonal peaks, and the capital profile of the tenants. There are four sources of labour available to the tenants: (i) tenants and their families; (ii) workers from local villages; (iii) the labour camps or settlements which include workers who have migrated permanently from Northern Nigeria, Chad and Western Sudan (locally known as Fellata); and (iv) seasonal migrant workers from outside the area. The importance of migrant labour is clearly illustrated by the Gezira statistics on cotton pickers. In 1983/84, 470,420 cotton pickers were used of which tenants and their families supplied 141,940 (30 per cent). Local non-family labour supplied 90,850 (19 per cent) while the rest were imported into the scheme. In adddition the Gezira Board itself directly employs around 115,000 employees of whom about 84,000 are labourers. Migrants are recruited by both a central committee and by representatives of groups of individual tenants. In 1983/84 these two recruitment modes attracted 52,000 and 179,000 workers respectively while 'floaters', ie, migrants who simply show up, numbered nearly 6,000. Transport to the Gezira is paid by the recruiter, while the work itself is paid on piece rate basis. Hence, central to the operation of the rural labour market is the seasonal migration.

2.3. MIGRATION

2.3.1. Internal Migration

The most striking feature of the Sudanese labour markets is the unusually high rate of geographical mobility of labour. The ILO Mission

(1976) estimated that one million workers (or about 15 per cent of the labour force) move inside the country each year in response to geographic disparities in employment opportunities and expected income.(38) This includes rural-rural as well as rural-urban migration. In addition, there is the traditional migration of nomadic cattle-herding tribes who move according to the rhythm of the seasons.

(i) Rural-rural migration

The majority of internal migrants (about 80 per cent) are rural-rural migrants moving along the two West-East and South-North axes in search of seasonal employment in irrigated and mechanised rain-fed agriculture. The study on rural labour in Northern Sudan (1983) estimated the total number of internal migrants at approximately half a million.(39) However, the survey was carried out before the major peak season for cotton-picking in the Eastern and Central Sudan; therefore, the total number in a year should be much higher.

The principal 'push' factor is that the incomes from traditional agriculture do not cover the subsistence needs of most of the migrants who seek to supplement them as wage labour in the modern agricultural sector. The landlessness or small size of landholdings, lack of irrigation, desertification and drought, low productivity of the traditional sector and the encroachment of mechanised farming in these areas, all generate a natural pressure to seek work elsewhere. The 1982 ILO survey found that the migrants' own reported reasons for engaging in wage labour were the overriding need for cash.(40) Thus, the main 'pull' factor is the differentials in daily wage rates (in cash and/or kind) to seasonal labourers in areas of employment compared to the local labour market.

The demand for hired labour stems mainly from the large commercial mechanised rainfed agricultural sector as well as the irrigated schemes.

As mentioned in previous sections of this chapter, in the former, weeding, harvesting and threshing are carried out by seasonal workers, while in the latter weeding and cotton-picking constitute the major activities of hired labour in the peak periods of the agricultural cycle.

The study on rural labour (Ministry of Finance, 1983) found that more than half of the seasonal labour came from the Western regions (Kordofan and Darfur) and 10 per cent from the Southern regions. The disparities in the investment patterns in the agricultural sector, ie, the neglect of the traditional agriculture in the West and the South, and the concentration of modern irrigated and mechanised schemes in Kassala and Blue Nile provinces, are reflected in the geographical distribution of migrants.(41)

Both the Ministry of Finance Study (1983) and the ILO Rural Labour Markets Survey (El-Bagir, 1984) found that the overwhelming majority of the migrants were under 30 and unmarried. More than half had no formal education and, for nearly half, the length of absence from their villages was less than a year. Migrants are not necessarily restricted to a single target area. A common pattern would be to work on the mechanised farms during November/December and then to move on to the irrigated areas in, for example, the Gezira during the first three months of the following year, and to pick up work in theCentral provinces in the middle of the year. Such semi-permanent migrants may continue in this manner for several years before finally returning home and settling elsewhere. Other migrants are of the annual West to East and back again variety.

It is reported that seasonal migration has fallen since the mid-1970s. Berar-Awad (1984) argued that,

"... internal migration might have decreased slightly since

> the 1970s due to the influx of refugees, representing a local pool, declining real wages and the decrease in the area under cotton cultivation".(42)

This trend is not, however, reflected the the Gezira data on imported cotton pickers which show that 230,000 pickers were imported in the 1984/85 season which is similar to the numbers imported during the 1970s.(43) In any case migration must have risen recently due to the displacement effects of drought. It has been estimated that the 1983-85 drought and famine crisis led to the migration of over 4.5 million people of whom more than one million sought refuge in the urban centres.(44)

(ii) Rural-urban migration

The rapid growth of rural-urban and urban-urban migration in the last decade or so is one of the manifestations of labour mobility in the Sudan. The data and information on characteristics of these movements are scanty and out-dated and pertain mainly to the Khartoum area.

In 1974 the annual rate of the migration flow to Khartoum was estimated at 2.2 per cent for the period 1956 to 1968.(45) It is strongly arguable that the rate has increased substantially in recent years due to drought, famine, and civil war in the South. Nevertheless, the CESM statistical survey of urban households in 1974, indicated that most of the migrants came from four provinces: Northern (25%); Kordofan (23%); Blue-Nile (17%); and Darfur (17%). The proportion of migrants from rural areas was equal to that from other centres. However, the majority moved from a rural area to the nearest urban centre before migrating finally to Khartoum. Almost 80 per cent of migrant males coming from the rural areas were working in agriculture either as self-employed or as unpaid family workers before migrating; and about 90 per cent of these reported to have come to seek employment. This means either they did not have adequate work on family farms or else their earnings were too low compared with what they expected to earn in

Khartoum. Thus, it can be said that the main 'push' factors were the low agricultural productivity, lack of alternative opportunities of employment and climatic conditions. The 'pull' factors were predominantly the income differentials between the towns and rural areas and the reasonable probability of finding jobs. The mere attraction of the 'bright city lights', further education, joining relatives and, for Southern regions' migrants, the search for physical security from war, provide further reasons for rural-urban migration. It also should be noted that since the mid-1970s, migration to Khartoum and Port-Sudan (the two main exit ports of the country) constitutes a preliminary step to work abroad in the Gulf states.

Due to the paucity of data, the pattern of employment among migrants is now known. However, the ILO study (1976) found a very low rate of open unemployment in the urban centres, almost 5 per cent of the urban labour force.(46) The available information suggests that in 1960s and 1970s, the migrants got jobs relatively easily, within a short period of time.(47) More recent studies suggest that most of the migrants are either employed as casual and temporary workers in the organised private and public sectors or involved in the wide range of activities covered by the 'informal sector'. It is also accepted that disguised unemployment and underemployment have reached crisis proportions in recent years.(48)

Notably, earlier reports and studies of migration in the Sudan concentrated on internal migration with little attention paid to international migration. Perhaps this was because the phenomenon itself is of fairly recent origin; inflow migration from neighbouring African countries and outflow migration to neighbouring Arab countries now constitute one of the basic characteristics of the Sudanese labour market.

2.3.2. International Migration

(i) Sudanese Workers Abroad (SWA)

Before the 1970s emigration for employment was limited. Few Sudanese - mainly unskilled - emigrated to Egypt, Saudi Arabia, Lebanon and other neighbouring countries. It has been estimated that from 1965 to 1970 about 6,000 permits to work abroad were issued by the Department of Labour.(49) In terms of emigration for work the 1973/74 was a watershed because of the oil price increase and the resulting boom in the neighbouring oil-exporting countries of North Africa and the Middle East. Later, and since 1978/79 the push factors have become more pre-eminent as early promise turned into economic crisis and decline in the Sudan, with low wages and spiralling inflation encouraging emigration.

The exact scale of out-migration from the Sudan is not known. The lack of a monitoring system, coupled with the wide range of channels through which people leave make the collection of accurate statistics difficult. Thus, available estimates vary substantially: Ghourci (1985) estimated that there were 334,000 Sudanese working abroad in 1983 while the official sources estimated the number to be about half a million.(50) Recently, the ILO Mission (1987) indicated that some estimates refer to totals as high as 1.6 million migrants when unrecorded emigration is included.(51) It is widely accepted that emigration through official channels (the Ministry of Labour) forms only a minor portion of the total flow. M A Galal-el-Din (1978) suggested that unrecorded migration could account for as much as 70 per cent of actual numbers of SWA. Thus, even if the more conservative 50 per cent estimate of unofficial migration is accepted the actual numbers involved could be around one million SWA,(52) or more than 15 per cent of the total labour force, and exceeding even the urban labour force. However, the essential point is that

SWA are drawn very disproportionately from the skilled sections of the urban population. Ghourci's results indicated that only 12 per cent of SWA were employed in agriculture prior to emigration which contrasts sharply with our earlier observation that the majority of the domestic labour force work in agriculture, and illustrates the urban bias in the origins of SWA. Even more striking is the relatively high proportion of Sudanese skilled workers who work abroad. It was estimated in the Six-Year Socio-Economic Development Plan that there would be 47,800 skilled workers in the Sudan in 1983 while Choucri (1985) estimated that there were at least 68,000 skilled SWA in the same year. This suggests then that about 60 per cent of the total national stock of skilled workers are abroad. Another study on labour migration in the Middle East and North Africa estimated that by 1985, the Sudan would have exported 67 per cent of its labour force in the professional and technical occupations compared to 0.6 per cent of unskilled workers.(53) A third report (Al Rahman 1984) claimed that 39 per cent of medical doctors, 38 per cent of engineers, and 59 per cent of the country's teachers were reported to be working aborad.(54) Moreover, it has been suggested that, on average, SWA have had 12 years work experience before leaving.(55) Thus, the alarming fact about emigration is not so much the absolute numbers of migrants as the human capital outflow, the scarcity of their skills, and their importance for the vital sectors of the economy from which the manpower is drawn. This continuous 'skill drain' has created serious shortages and imbalances in the country's labour markets, reflected in increased wages and costs of production, as discussed below in section 2.5.

By far the largest recipient of SWA is Saudi Arabia which accounts for 80 per cent of the total. This reflects the geographical proximity and relative ease of entry. The annual (Hajj) pilrimage and (Omra)

journeys provide easy methods of entering the country. Moreover, the very influx of Sudanese workers has a cumulative causative impact in that it creates in the host country a nexus of family and friends that potential migrants can utilize to facilitate their own entry. Other important recipients include Libya, Kuwait, United Arab Emirates, Yemen and Qatar.

Although the surveys reported by Choucri (1985) found little evidence of occupational shifts associated with migration, it did seem that migrants were more likely to enter private sector employment abroad as compared with Sudan, while they were also more likely to be employed in the service sector abroad. This implies that migrants from rural areas in the Sudan would be engaged in non-agricultural activities particularly as agricultural activities are limited in the Gulf States. Therefore, if we assume that on their return, the majority of these migrants from rural origin will stay in urban centres, there will be a continuous and permanent loss to the rural sector of its better-educated members.(56)

The critical issue in relation to emigration is whether or not the Sudanese economy gains from this substantial overseas migration. In the general theory of international migration and from the experience of other labour-exporting countries the two major benefits that could be gained from workers abroad are the possible reducation in unemployment and the remittances which could be a valuable source of foreign exchange.

While the estimates of the scale of foreign earnings of Sudanese working abroad actually remitted to the Sudan vary widely - between US $1.6 and US $3.0 billion for 1983/84 - there is no question that they represent a major source of foreign exchange resources.(57) However, only about 10 per cent of the total overseas remittances arrive

through official channels.[58] The most important reason for this is the sizeable gap between the official exchange rate and the black market rate. Although remittances provide direct support for more than one million dependants in the Sudan, the fact that only a tiny proportion is transferred through the banking system reduces the chances of its being channelled to investment. It is estimated that remittances for the most part are directed to the purchase of land, housing, consumer durables with high imported components (TV sets, cars, furniture) and to the satisfaction of social needs (marriage). Choucri's study (1985) revealed that SWA have indicated some interest (when surveyed) in investment in medium or small-scale (but not large) companies or joint ventures, but to do so they seem to require some kind of guarantee.[59] Past government policies towards SWA appear to have created some psychological barrier which makes migrants reluctant to remit through official channels and/or undertake productive investment. This suggests that there is a need for some mechanism to protect their interests, if they are to be induced to make longer-term financial commitments in the development of the Sudanese economy. In the meantime, benefits from remittances could be overweighed by their detrimental effects on the pattern of effective demand implying further inflationary pressures.

Regarding benefits which might be expected in terms of employment, or more accurately, unemployment, available evidence suggests that only a minor proportion of the labour outflow could be considered as export of open or disguised unemployment. As already noted this is primarily due to the selective nature of the Sudanese out-migration. The 1982 ILO survey recorded that 16 per cent of the sample could represent export of unemployment;[60] the 1983 World Bank Study judged that only 10 per cent of the unskilled Sudanese workers (a category with high unemployment rates) would be working abroad by 1985.[61] In fact, it

has been argued that the export of skilled labour might even increase unemployment by enlarging the relative incidence of unskilled labour leading to lower growth rates and in consequence to more unemployment.(62)

The average stay of SWA abroad has been estimted at five to six years, and there has been return migration. Very little is known with certainty about returning migrants as a whole, but preliminary findings are alarming. ILO (1987) estimated that three out of four returners are unskilled and semi-skilled and as much as 80 per cent appear to be unemployed.(63) Some may be contributing to production and trade in the informal sector, but the gain to the economy and to the domestic labour market in terms of utilising experience acquired overseas, seems to be limited. Thus, the ILO Study (1987) argued that,

> "... if the government were to identify more precise skill shortages, it could of course provide financial and other incentives for the return of SWA having those particular skills and thus raise the social value of the return flow."(64)

It is clearly difficult to determine with precision the net benefits of the out-migration to the Sudanese economy. If one considers the welfare of SWA themselves and their families then there has been obviously great benefits. If, on the other hand, one only includes the costs and benefits to the domestic economy, a different picture may emerge. If one assumes that workers are paid according to their marginal social products in the Sudan, then the costs of migration are the loss in domestic output accruing to the remaining domestic factors of production. For a marginal change such as the migration of a single worker, this is negligible; but for non-marginal changes such as the displacement abroad of over one-half of the domestic stock of skilled workers this effect may be quite substantial, particularly if the elasticity of substitution of skilled workers is low with respect to other factors of production. However, against this must be set the benefit of remittances. On the whole, it seems improbable

that a rigorous cost-benefit analysis would not suggest that overseas migration be curbed. It is in any case extremely doubtful whether the authorities would be able to enforce such a policy as the majority of emigrants are unofficial. Indeed, available forcasts point to a continued upward trent in emigration. The 'pull' factors in terms of large pay differentials are not expected to disappear, while the 'push' factors in terms of the stagnant Sudanese economy, reduced employment opportunities and declining real wages are now stronger than a decade ago. The recent slump in oil prices and the cut-backs in investment plans by major labour-importing countries could reduce demand for unskilled labour, but not for professionals and skilled workers; the imbalances in the domestic labour market depicted above are if anything, likely to be aggravated.(65)

(ii) Refugees

The discussion on international migration is not complete without consideration of the influx of refugees into the Sudan which constitutes a reverse flow of labour. This influx from neighbouring countries is not new as the Sudan has attracted successive waves of refugees from Ethiopia, Chad, Uganda and Zaire since the mid-1960s. But, in recent years their numbers have grown rapidly because of escalating political conflicts and civil war, and/or because of the widespread droughts in neighbouring regions. The exact number of the refugees in the Sudan is not known. Many of them have settled spontaneously in towns and villages without being registered. Nevertheless, the latest estimates vary between 1.16 million and 1.5 million, while an estimate for 1983 put their number at 690,000.(66) This means that currently the number of refugees in the country represents 5 per cent of the total population. In the Eastern Region, where the majority of the refugees have settled, the proportion is as high as one-quarter to one-third.

Most of the refugees are Eritreans who, according to UNHCR figures, constitute the majority of the 786,000, or about 70 per cent of the total refugees from Ethiopia, while the other three donor countries, Chad, Uganda and Zaire account for 123,000, 250,000, and 5,000 respectively.(67)

Although government policy has been to accommodate as many refugees as possible in organised settlements, less than half have settled in either wage-earning settlements in which the inhabitants are located near to urban labour markets or irrigated schemes, or in land settlements where refugees of rural origin are given 5 to 10 feddans per family in the semi-arid rain-fed areas. In spite of these efforts the majority have settled directly in the urban areas where some have taken up casual employment, mostly in services and the informal sector. The evidence as presented by the joint ILO/UNHCR mission to the Sudan in 1982/83 indicates that wage-earning settlements have so far been unsuccessful because of the seasonality of employment in agricultural schemes and the inadequacy of income, while output is too low to permit self-sufficiency. Urban migrants have on average a higher income per capita than those in rural areas, but their integration into the domestic labour market is understandably limited.(68)

The influx of refugees may be expected to have an impact on domestic labour supply. There are signs that the availability of large numbers of refugees in the vicinity of the agricultural schemes in Eastern and Central regions has provided these schemes - to some extent - with the needed extra labour input, particularly in the peak seasons of cotton picking and sorghum harvesting. Nevertheless, refugee participation in urban labour markets is relatively restricted particularly in the government sector. According to the Nationality Act 1948, access to public service employment is reserved for holders

of a valid Sudanese nationality certificate. Even in the private sector refugees have to possess work permits which due to bureaucratic complexities are not easily obtainable. Consequently, refugees find that conditions prevalent in the informal sector suit them most. Moreover, language difficulties are a barrier to domestic participation.

The age distribution as revealed by the ILO/UNHCR Survey (1984) showed that only 8 per cent of all refugees were aged 45 years or more, while 51 per cent were in the prime working age group of 15 to 44 years. As 54 per cent of the total sample were males it follows that one could expect an overall participation rate of 30 per cent or higher. The skill survey carried out within the ILO/UNHCR mission indicated the presence of many skilled workers in the refugee settlements. These include men with skills apparently in shortage in urban areas such as mechanics, electricians, carpenters, drivers and typists. A large proportion were unemployed or working as farm labourers making no contribution to the relief of skill shortages, while running the risk of losing their skills.

2.4. URBAN LABOUR MARKETS

As we have seen at the beginning of this chapter, the population of the Sudan is predominantly rural, with urban population accounting for only 20 per cent of the total. In the early 1980s, the urban labour market accounted for approximately 1.3 million people, ie, 20 per cent of the total labour force in the country. However, the share of national income accruing to the urban population is disproportionately higher as the urban centres contain almost all industrial investment, modern trade and the bulk of government and private sector employment.

A variety of urban labour market classificatory schemes has been reported in the literature.(69) The fact that urban labour markets in

LDCs are very heterogeneous allows for the possibility of extensive segmentation, but for our purposes, the sectoral schema popularised by the ILO missions to Africa, and in which the urban labour market has been divided into 'formal'and 'informal' sectors, will be used.(70)

2.4.1. The Formal Sector

The formal sector could generally be equated to regular wage employment, which covers basically the public sector and the organised private sector. The most striking feature of formal sector employment in the Sudan is that it is very heavily dominated by the public sector. The latest estimates available (ILO, 1987) give a total employed labour force in the formal sector of 600,000 of which 500,000 are in the public sector. These figures are probably on the low side because the employment data base is extremely shaky even for the public sector. In addition, both the public and the private sector provide employment for casual or daily labourers. While this is not regular employment, a considerable number of work-days is provided in this way each year. Data limitations make it difficult to determine the volume of such work, its incidence or the total wage bill.(71)

As public sector employment will be the subject of the next chapter discussion here will focus on the private formal sector. Available statistics provide widely varying, and sometimes contradicting, figures about employee numbers in the private sector. Nevertheless, a 1982 survey limited to Khartoum province showed the number to be about 50,000 (Table 2.14) while a recent ILO report (1987) suggested 90,000 to be a 'reasonable' figure for private sector employment for all of the Sudan; a clear indication of the concentration of this type of employment in urban centres.(72)

The ILO (1987) study also indicated that there is considerable underutilisation of labour in many private companies which means that

a considerable increase in output might be achieved with relatively little growth in employment. This underutilisation could be the result of the failure of the manufacturing sector to operate at full capacity owing to the problems discussed in 2.1.2. above. Despite the deficiencies in the structure and opertion of private sector enterprises, the UNIDO survey indicated that average value added per worker may be four times higher in private than in public sector establishments thus supporting the generally held view of low productivity in the public sector. A more thorough comparison between activities, output, pay and working conditions would, however, be required, before such an assessment could be accepted.

As Table 2.14 shows the obvious difference between the public and private sectors in terms of the distribution of employment by production activity is that public sector employment is heavily concentrated in services and transport, while private sector employment is largely concentrated in manufacturing. Public sector employment in the modern sector is absolutely greater than that of the private sector in all major activities except manufacturing and possibly trade.

However, the importance of the public sector does not reside only in employment generation but in setting the labour relations standards for other sectors. Notwithstanding the fact that wages in the private sector are more responsive to market conditions, they follow the general framework set by the pay structure in the public sector. The government also sets the minimum wage levels for the private sector through the minimum wage legislation machinery. Further government influence over private sector labour markets is exercised through the Industrial Relations Act, 1976, which lays down the procedures for the settlement of industrial disputes and the Individual Labour Relations Act, 1981, which deals, inter alia, with the termination of employment.

Prior to the early 1970s the trade union movement in the Sudan consisted mainly of small and weak unions with the one exception of the Railway Workers Union. By 1970 600 registered unions were in existence, both in the public and the private sectors. The turning point was the introduction of a deliberate restructuring of the entire union movement under two national federations: the (blue-collar) Sudan Workers' Trade Unions Federation with 441,398 members in 1982, and the (white-collar) Employees and Professionals Trade Union Federation with 167,554 members. Information made available by the Registrar of Trade Unions, shows that in 1982 there were 36 white-collar (excluding professionals) unions and 28 blue-collar unions in the public sector, against 3 white-collar and 15 blue-collar unions in the private sectors. In addition, there were 14 unions organising professionals both in the public and the private sectors; the restructuring had, thus, reduced the number of the unions in the country from 600 in 1970 to 96 in 1982.

Available estimates suggest that total union membership in the private sector was 133,442 in 1982. If this is so, serious doubts must be raised about estimated private sector employment figures. Unless, as is not improbable, some unions which in terms of sectoral distribution of employment are organising informal sector workers (eg taxi drivers) are counted as private sector unions.

In the private sector, union strength is highly concentrated in larger establishments; the unions themselves claim that membership is virtually 100 per cent. Although there is no provision for the closed shop under the Sudanese industrial relations laws, this claim may be justified as deviation from group consensus is socially and culturally unacceptable, and the 1971 Trade Union Act (amended in 1977) prohibits an employer from negotiating with any group of employees whenever a lawful trade union already exists. While membership is, therefore,

large in large-scale private sector companies little is known about smaller enterprises. The Sudan Workers Trade Union Federation (SWTUF) has claimed recent successes in unionising small-scale handicrafts, and is currently trying to organise seasonal workers in large agricultural schemes.(73)

Unlike the public sector where collective bargaining is restricted by the pay determination system, private sector unions enjoy some latitude in influencing the remuneration of their members. However, such collective bargaining success could depend not only on the presence of a strong union in terms of size and ability to conduct meaningful negotiations but on the encouragement of managements anxious to promote strong and stable unions and on company profitability.

2.4.2. The Informal Sector

Available estimates indicate that the informal sector is an important and growing urban employer. Currently about 50 per cent of the urban labour force ie, some 0.6 million workers, are engaged in informal activities. Comparison of this figure with early 1970s figures, which showed about 25 per cent of urban labour force in the informal sector, clearly indicates an upward trend.(74)

The first attempt to assess the informal sector in the Sudan was made by the ILO, Employment, Growth and Equity Study (1976). Based on the 1974 Household Survey, the 1970 National Handicraft Survey, and unpublished data from municipal authorities, the study covered the activities in Khartoum area. Given the known difficulties in defining and classifying, the study proposed four categories of activities according to a number of criteria, such as permanence of place of operation, need for business licences, size of capital requirements, productivity and profitability standards. It is estimated that a total of 27,000 establishments operated in the Khartoum area, including the

establishments in manufacturing and repair (20%), services and commerce (60%), and transport (20%). The study also showed that the informal sector in Khartoum was a heterogeneous and multi-layered phenomenon comprising,

> "... at its most advanced levels, the well-established enterprises involved in retail trade, at its middle level, the multitude of small manufacturing, service and commercial establishments, employing a large number of people and finally the traditional petty vendors".(75)

Informal enterprises are small, on average consisting of two persons, but many are one-person ventures. Opportunities for wage employment are thus severely limited and enterprises that hire one or more non-family labourers are usually concentrated in construction, auto-repair and the manufacture of household goods. Female participation is insignificant and largely confined to either home-based activities (such as traditional hairdressing and tailoring) or petty trade. Most of the hired labour is unskilled and recruitment normally takes place informally through relatives or at the 'factory gate'. Working hours are generally long (ten hours a day, six days per week). Apprenticeship seems to be widespread but is trade specific and most important in auto-repair, construction, manufacturing and tailoring. The results of a recent survey of informal sector enterprises in Juba - the largest city in Southern Sudan - tend to confirm the observations of the ILO missions to the Sudan (see ILO, 1976 and ILO, 1987).(76) In the Juba survey (W House, 1987) it was found that 56 per cent of the urban work force in Juba are engaged in informal activities in about 2,500 enterprises; in 80 per cent of the enterprises sampled, the head of the enterprise was the sole owner. The family orientation of the sector is strong - in 20 per cent of the sample at least one relative was employed. However, only 2 per cent of respondents employ a female, which confirms the general dearth of females outside petty trade; 70 per cent of women

in the sector were in petty trade. Of those employers who hire labour, just over half choose from job-seekers who approach them for work and another quarter ask current employees to recruit their friends or relatives. Some employers admitted to hiring unskilled casual labour off the street on a daily basis. Not one respondent had ever used the public sector exchange or recruited labour through direct contacts in rural areas. One-man operators are widespread particularly in petty trade, transport, and repairs as 75 per cent of the enterprise sampled were found to employ, at best, the operator and one other worker. The informality of the sector is underlined by the evidence that one-third of businesses admitted to working irregular hours per day. The majority operate six or seven days per week for an average of 9.5 hours per day. Only one in five are housed in a permanent building while the remainder operate from temporary structures made of cardboard, tinsheets, mud, etc, or in the open air.

Despite the family orientation of the enterprises and the competitive markets in which they operate, the entry into the sector is not necessarily easy. The Juba Survey reported that for new arrivals to Juba, without the necessary skills or capital to become self-employed, successful job search requires ethnic and kinship ties and contacts, and the time and resources to go knocking at the doors of potential employers. That workers confront a buyer's market for labour is confirmed by the negligible number of employers who claimed to encounter difficulty in hiring unskilled workers.

The demographic profile of the labour force in the informal sector shows the majority of entrepreneurs in the sector as between 30 and 35 years of age suggesting relatively late entry into business, with high entry requirements including considerable skills, experience, savings and the maturity to take risks. However, where the capital and

skill requirements to entry are thought to be low, as in petty trade, the average age of entry is 20 to 25 years. The Juba Survey also found that the mean age of proprietors exceeded that of employees by almost 10 years. Moreover, there is a sizeable amount of child labour (15 years and under): 10 per cent of petty traders fall into this group as do nearly a quarter of all employees. Many of these young workers still attend school.

Human capital status (as measured by years of formal schooling) shows that the educational attainments of the labour force in the informal sector are pitifully low which could contribute to the low productivity levels in the sector. In Juba, almost a quarter of the proprietors and a third of employees never attended school while 70 per cent of workers have not progressed beyond the primary school.

Formal education coupled with age, duration of stay in urban centre and household size positively affect informal sector earnings. The survey revealed that the net monthly business income of the highest educated proprietors was ten times that of those who never went to school, and every additional year of formal education was associated with an extra 13 per cent of income.

The ILO (1987) study reported that, generally, incomes from self-employment in the informal sector are higher than for agricultural labour or even middle-level government employees.(77) In the past the civil service was considered to offer an attractive career and an escape from less prestigious informal sector occupations. This still holds true in terms of respectability, although it has become unattractive economically. It is widely recognised that a car-washer or a laundry man - occupations that enjoy very little social esteem - could earn in one day the equivalent of a teacher's salary for two or perhaps three weeks. Thus, given the relative rigidity of wages in

the formal (public and private) sector and the high inflation rates, employees in this sector - and in an increasing number in recent years - seek to supplement their income through activities in the informal sector. The notable high rates of labour turnover and absenteeism in the formal sector - which has been referred to frequently in a number of recent studies and reports - could be attributed to the fact that many people work in both sectors. Moreover, in view of present foreign exchange shortages, and import restrictions, large quantities of goods, financed by SWA remittances are channelled into the country via the hidden economy and distributed through the informal sector. As a result, many activities and services formally held by the formal sector have been transferred to the informal sector.

Thus, in addition to its traditional role as residual recipient of labour and a training ground for future entrepreneurs as well as potential formal sector workers, the informal sector has become a provider of supplementary income and source of a wide range of goods and services. In this capacity it plays a major dynamic role in linking the different sectors of the economy.

2.5. LABOUR SHORTAGES AND SURPLUSES

2.5.1. Skilled Labour

The Six Year Socio-Economic Development Plan provided projections of the supply of and demand for various categories of labour for the period of 1977/78 to 1982/83 (Table 2.15). These estimates showed that from 1980 onwards the Sudan would be experiencing serious shortages of skilled and semi-skilled labour. By 1982/83, the total labour shortfall in these categories could have amounted to 25 per cent of the total demand. Other studies (Ali, 1984, ILO, 1987), confirmed the existence of acute shortages of all professional and

skill categories, on a scale much larger than the Six Year Plan estimates indicated, largely because the Plan did not take fully into account the rapid pace of out-migration of Sudanese from the late 1970s.(78)

Although the emigration of Sudanese to Arab countries has aggravated seriously the shortages of a range of vital and scarce skills, the inadequacy of the educational and training system to compensate for migrants has been always regarded as an equally important factor. In fact, as pointed out by various studies (ILO, 1987 for example) and acknowledged by government, the educational system has not responded to the needs of the economy. Higher education continues to produce too many graduates in humanities and arts and few in the technical areas. It has been reported that in 1984/85 nearly two-thirds of graduates of various universities had studied arts and social sciences.(79) The government's past policy of guaranteeing employment in the public sector for all graduates of universities, coupled with high social demand for university education in general are some of the factors behind the apparent bias towards these fields. However, in the last few years, the public sector because of budgetary constraints, has placed a moratorium on new graduate recruitment. As a result serious demand constraints have emerged and graduates from all faculties can no longer readily obtain employment. Between 1982/83 and 1985/86 the number of university graduates offered employment in the public service fell from 2,328 to 823, while for higher technical institutes recruitment fell from 520 to 141. In 1985/86 only 14.5 per cnet of graduates of technological and scientific faculties registered for employment found employment in the public service which accounts for 85 per cent of total modern formal sector employment. Probably about 82 per cent of these graduates would have become unemployed unless they went into self-employment, emigrated or worked in the informal sector. Not un-

expectedly, the prospects facing graduates of humanities and arts are worse. In 1985/86 out of 5,000 liberal arts graduates registered for employment, only 200 were recruited into the public service (see Table 2.16).

What has been just said, however, does not invalidate the thesis that there is a shortage of qualified professional people but applies to experienced personnel who are required mostly by overseas employers. For example, the shortage of qualified teachers in secondary schools is not solely the consequence of an educational system unable to produce enough teachers, but results also from the loss of teachers through international migration (almost a third of teacher stock).

The other type of manpower imbalance frequently referred to in the Sudan is the shortage of skilled manual workers and technical personnel. It must be stated here again, that this only applies to experienced workers. Fresh technical school leavers are, in general, not in a position to obtain jobs overseas and may, in fact, experience initial difficulty in finding employment. The ILO (1987) suggested that even with the current 16:84 ratio of technical to academic enrolment the economy cannot productively absorb all technical secondary school leavers.

The basic pattern is then that workers accumulate experience within the Sudan and then migrate to much higher paid jobs in the Arab labour markets. This labour force loss is reflected in the high turnover rates experienced in both public and private sectors. The ILO survey of urban labour markets in 1982 revealed that the rates of turnover of skilled labour could reach 50 per cent annually.(80) The main implication of this process is that as skilled wages abroad are roughly between 10-15 times those in the Sudan, the supply price of a typical skilled experienced labourer is going to be several times

that of a corresponding inexperienced worker. The market equilibrium that is then observed is one in which employers will have to substitute inexperienced for experienced worker, a policy almost bound to affect productivity adversely.

It is unlikely that domestic wages could be raised to levels which make competition possible and thus 'true' shortages in the sense of excess demand at existing wages do tend to prevail.

2.5.2. Unskilled Labour

Although most projections suggest a substantial surplus of unskilled labour, there have been growing complaints by employers in the rural and urban areas about difficulties in hiring unskilled workers.(81) As described below, however, it seems that this is the result of factors other than an absolute physical shortage of unskilled labour.

In the rural sector with the expansion of mechanised rain-fed agriculture and irrigated schemes there have been an increasing number of complaints by employers and agricultural boards about the availability of the required number of hired labourers during peak seasons. It has also been said that the declining productivity of agricultural activities could be explained by labour shortages. A decade ago, the Gezira Board was the main voice of complaint. Since then the Mechanised Farming Corporation (MFC), the Kenana Sugar Plantation, and several other parastatal and private employers have raised the issue. The ILO surveys on rural labour markets examined the question of the availability of seasonal labour in Eastern and Central Sudan. In the rain-fed agricultural sub-sector, labour demand flucuated from year to year due to environmental conditions especially the starting date of rains. In 1982, there was actually a surplus of seasonal labour even in the peak periods of sorghum harvesting. This situation might have been due also

to the massive influxes of refugees from Ethiopia. It has further been suggested that this influx may have caused a general decline - or at least stagnation - in the wage levels of hired labour, making jobs less attractive to traditional migrants from the South and the West.(82) Therefore, if there are difficulties in finding hired labour, they may stem as much from low remuneration of labour and recruitment processes rather than from physical shortages.

The study of the pattern of labour demand in the Gezira Scheme and labour availability showed no absolute physical shortage of labour but the low wage rates were not 'market clearing'. The Ministry of Finance survey of rural labour in all Northern provinces in 1982/83 reached the same conclusion that there was no overall shortage of labour but only seasonal shortfalls in some provinces, while surplus labour existed in others.(83) However, despite this 'theoretical' surplus, shortages do occur. For example, calculations made by the Economic and Social Research Unit in the Gezira Board have consistently shown shortage of cotton pickers in recent years in the order of 4 to 5 per cent.(84)

Of course, transportation difficulties, sociological setting, bad living conditions, etc, are other factors serving to discourage labour supply but by far the most important limiting factor is the wage rate.

In the urban centres, official projections as well as informal estimates suggest that a net surplus of unskilled labour does exist. Historically, rural-urban migration has been regarded as the principal cause behind the phenomenon. In recent years, however, drop-outs of the schooling system have constituted a major source of unskilled pool. The general orientation of the schooling system in the Sudan is that the lower level should prepare students for the next higher

level, and not for the world of work. In 1983/84 124,014 candidates sat for the intermediate school entrance examination but only 64,976 (about 52 per cent) passed. Those not proceeding to intermediate level education, although too young to enter the labour force legally, do attempt to seek employment or some form of skill training in the informal sector, but a significant proportion remains idle.

The problem is far more serious for drop-outs from the intermediate and secondary schools. For example, the secondary school is still largely seen as a preparing ground for entry into higher education, although in 1984/85 only 6 per cent of total candidates were admitted to national universities and institutes. To equip secondary school leavers with adequate skills for the labour market, it had been hoped (in the Six Year Plan) that 60 per cent of enrolment in secondary schools would be in the technical streams. By 1984/85 the share was only 16 per cent. Technical education for girls is non-existent. Nevertheless, the rapid expansion of secondary education has resulted in an annual influx of about 120,000 new secondary school leavers into the labour force. These new labour force entrants prefer formal sector employment. However, it is unlikely that more than 5,000 formal sector jobs at the most are available for them in most years. This implies that 95 per cent of these secondary school leavers have to find employment in the informal sector, or through international migration, or to join the unemployed. Since these graduates have limited skills and experience for international migration and, because with the economic recession the informal sector has only a limited capacity to absorb these large numbers productively, it can be inferred that the vast majority of them would have had to join the unemployed.(85)

Despite this apparent surplus of unskilled workers, a number of recent studies reported that some employers in the private sector have

been complaining about the instability and high turnover rates among this category. The ILO study (1982) found that some firms in Khartoum were experiencing almost 100 per cent annual turnover rate. The study further indicated that the high turnover was directly related to pay. Establishments with higher wages, did not have high turnover rates and were able to secure a stable workforce. The wages offered by most employers were indicated to be insufficient for securing a livelihood and so workers tend to move from one employer to another in the hope of better income.

In summary, available information about the structure and functioning of labour markets in the Sudan reveals:

a) A high degree of inter- and intra-country labour mobility.

b) A shortage of experienced skilled and professional manpower primarily due to international migration.

c) A growing surplus among university graduates and secondary school leavers with general academic as opposed to vocationally based qualifications. Partly this reflects stagnating formal sector employment because of the mounting economic problems in recent years.

d) A growing surplus of unskilled labour in rural as well as urban areas fuelled by the influx of refugees from neighbouring countries.

e) The inadequacy of wage rates in responding to the changing pattern of market conditions.

This chapter was intended to provide the backdrop for subsequent analysis of employment and pay. This analysis starts with the consideration of public sector employment in Chapter 3.

Table 2.1

GDP by Economic Sector (in current prices) and the Percentage Share in 1975/76, 1980/81 and 1985/86

Economic Sector	1975/76 Millions of £s	%	1980/81 Millions of £s	%	1985/86 Millions of £s	%
Agriculture	622.6	38.4	1445.8	32.0	7257.2	36.0
Mining	5.4	0.3	4.8	0.1	20.5	0.1
Manufacturing	108.6	6.7	358.7	7.9	1398.8	6.9
Construction	87.0	5.4	207.2	4.6	1097.8	5.4
Public Utilities	28.0	1.7	88.5	2.0	434.3	2.2
Transport and Storage	186.4	11.5	467.8	10.3	2158.8	10.7
Commerce	259.5	16.0	1047.3	23.2	2992.5	14.8
Banking and Insurance	137.6	8.5	290.9	6.4	2219.6	11.0
Public Admin. and Defence	173.5	10.7	493.3	10.9	1980.2	9.8
Personal Services	13.1	0.8	115.6	2.6	598.5	3.1
GDP	1622.3	100.0	4519.9	100.0	20157.5	100.0

Source: World Bank (1987) Sudan: Problems of Economic Adjustment, World Bank Report No. 6491-SU - Statistical Annex, Table 2.2.

Table 2.2

Some Selected Macroeconomic Indicators 1975/76 - 1985/86

Item	1975/76	1981/82	1985/86	Annual Growth Rate 75/76 to 85/86	Annual Growth Rate 81/82 to 85/86
Real GDP (£sm)[a]	5965.1	6721.0	6247.6	0.5	-1.8
Population (m)	16.6	19.7	21.9	2.8	2.7
Real Per Capita GDP (£s)	359.3	341.2	285.3	-2.3	-4.4
Resource Gap (US$m)	-528.1	-1347.0	-636.0		
Current Account Deficit (US$m)	-428.6	-1290.0	-842.0		
Exchange Rate	2.87	1.12	0.37	18.5	-24.2
Budget Deficit (£sm)	- 73.3	- 800.0	-2721.1		
Consumer Price Index (1970=100)[b]	221.4	643.5	2060.6	25.0	33.8
Item as % GDP					
Resource Gap	-10.0	-17.8	- 8.1		
Current Account Deficit[c]	- 8.0	-17.0	-10.7		
Overal Budget[c]	- 4.0	-11.9	-12.7		

Source: World Bank (1987) Sudan, Problems of Economic Adjustment, Table 1.01 p. 2.

(a) Constant 1981/82 market prices.
(b) Lower income class (calendar year).
(c) Inlcudes intrest payments due, but not paid (accrual basis).

Table 2.3

Performance of the Agricultural Sector, Production Index 1981/82 - 1985/86

Subsector	1981/82	1982/83	1983/84	1984/85	1985/86
Irrigated	100	127	131	117	112
Rainfed	100	59	53	29	76
Livestock	100	101	97	81	78

Source: World Bank (1987) op. cit. Statistical Annex Table 7.

Table 2.4

Summary of Government Finances (As % of GDP) 1980/81 - 1985/86

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86
Total Revenues	14.7	13.3	13.6	12.9	10.0	8.4
	11.9	11.1	11.6	10.9	8.6	7.4
	(2.3)	(2.1)	(2.2)	(2.3)	(2.0)	(1.6)
	(9.6)	(9.0)	(9.4)	(8.6)	(6.6)	(5.8)
Non-tax	2.8	2.2	2.0	2.0	1.3	1.0
Total Expenditure	27.9	25.2	21.5	22.0	25.8	21.1
Current	21.2	20.1	16.8	17.3	22.3	19.1
Development	5.8	4.7	4.4	4.0	3.1	1.7
Equity	1.0	0.5	0.3	0.7	0.3	0.3
Current Balance	-6.3	-6.7	-3.1	-4.5	-12.4	-10.7
Overall Balance	-13.2	-11.9	-7.9	-9.2	-15.8	-12.7
Ext. Finance	7.4	11.4	7.1	7.1	11.3	8.9
Int. Finance	5.8	0.5	0.8	2.0	4.5	3.8
GDP (£sm) (Market Prices)	4980	6721	9344	11472	14920	21357

Source: World Bank (1987) op. cit. Table 1.05.

Table 2.5

Balance of Payments 1980/81 - 1985/86 (US$ millions)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86
Exports	748	667	821	942	800	702
Imports	-1799	-2014	-1804	-1640	-1394	-1338
Workers' Remittances	305	350	415	395	430	350
Interest	- 214	- 288	- 297	- 488	- 478	- 559
Other Factor Services (net)	- 1	- 5	- 20	- 20	-	3
Current Account	- 961	-1290	- 885	- 771	- 642	- 842
GDP in nominal US$	7903	7554	7597	7227	7430	7838
As % of GDP						
Exports	9.5	8.8	10.8	13.0	10.8	9.0
Imports	22.8	26.7	23.7	22.7	18.8	17.1
Resource Gap	-13.3	-17.8	-12.9	- 9.7	- 8.0	- 8.1
Current Account	-12.2	-17.1	-11.6	-10.7	- 8.6	-10.7

Source: World Bank (1987) op. cit. Statistical Annex.

Table 2.6

Population: Numbers ('000) and Annual Growth Rates 1956-1983

Year/Period	Rural		Urban		Total	
	Nos.	%	Nos.	%	Nos.	%
1956	9526	93	737	7	10263	100
1973	12083	82	2736	18	14819	100
1983	17232	80	4361	20	21593	100
Growth Rate						
1956-73	1.4		8.0		2.2	
1973-83	3.6		4.8		3.8	

Source: Department of Statistics, Population Census.

Table 2.7

Population by Region 1956 - 1983 ('000)

Region	1956		1973		1983	
	No.	%	No.	%	No.	%
Northern	873	8	974	6	1137	5
Eastern	941	9	1572	11	2319	11
Central	2070	20	3804	26	4213	19
Kordofan	1762	17	2203	15	3248	15
Darfur	1329	13	2181	15	3248	15
Khartoum	505	5	1150	8	1892	9
Equatoria	903	9	758	5	1476	7
Bahr-El-Ghazal	991	10	1388	9	2373	11
Upper Nile	889	9	799	5	1687	8
Sudan	10263	100	14819	100	21593	100

Source: Statistical Department, Population Census.

Table 2.8

Labour Force by Region, Sex Division and Rural/Urban Location, 1983 ('000)

Region	Rural		Urban		Total
	Male	Female	Male	Female	
Northern	194.1	65.0	62.2	7.1	328.4
Eastern	411.3	103.5	187.3	18.2	720.3
Central	774.1	228.5	230.7	24.8	1258.0
Kordofan	643.7	197.8	102.9	12.4	956.8
Darfur	645.9	207.6	86.4	9.7	949.5
Khartoum	115.9	31.5	399.3	37.6	584.3
Equatoria	293.6	89.7	49.4	5.3	437.9
Bahr-El-Ghazal	522.6	144.5	52.8	5.1	725.0
Upper Nile	371.5	106.7	14.5	1.7	572.9
Sudan	3991.3	1174.8	1185.5	121.9	6473.1

Source: Department of Statistics, Census Office.

Table 2.9

Labour Force Crude Participation Rates 1956, 1973, 1983

	1956	1973	1983
Labour Force (Total)	31	29	30
Male	54	47	50
Female	10	12	15
Labour Force (Urban)		29	31
Male		50	48
Female		6	11
Labour Force (Rural)		29	33
Male		46	52
Female		13	25

Source: ILO, Employment, Grow and Equity, 1973. ILO, Employment and Economic Reform, 1987, and Department of Statistics, Khartoum.

Table 2.10

Sectoral Distribution of Economically Active Population (in '000), 1973

Sector	Employers & Workers on Own Account	Salaried Employees & Wage Earners	Family Workers	Others & Status Unknown	Total No.	Total %
Agriculture	2221	293	440	25	2979	64.7
Mining	6	3	-	-	9	0.2
Manufacturing	96	99	8	6	209	4.5
Electricty & Water	6	54	-	-	60	1.3
Construction	33	64	-	-	97	2.1
Trade & Catering	197	52	9	1	259	5.6
Communication	43	121	9	1	174	3.8
Finance	-	6	-	-	6	0.1
Social Services	63	399	4	1	467	10.2
Others	43	65	2	235	345	7.5
Total	2708	1156	472	269	4605	100.0

Source: ILO, Year Book of Labour Statistics, 1977.

Table 2.11

Occupational Structure of the Economically Active Population in ('000), 1973

Occupational Group	Employers and Workers on own Account	Salaried Employees & Wage Earners	Family Workers	Others and Status Unknown	Total No.	Total %
Professional & Technicians	12	113	-	1	126	2.7
Administrators & Managers	8	16	-	-	14	0.3
Clerical Workers	1	62	-	-	63	1.3
Sales Workers	174	30	7	1	212	4.6
Service Workers	46	264	3	2	315	6.8
Agricultural Workers	2219	247	441	26	2933	63.7
Production & Transport Workers	185	292	5	5	487	10.7
Others	39	169	12	225	455	9.9
Total	2684	1193	468	470	4605	100.0

Source: ILO (1977) op. cit.

Table 2.12

Enrolment Rates in General Education, 1984-85

Region	Primary		Intermediate		Secondary	
	Number Enrolled	Enrolment Rates	Number Enrolled	Enrolment Rates	Number Enrolled	Enrolment Rates
Northern	182002	93.6	49388	66.4	23195	40.0
Khartoum	260233	87.0	76706	61.7	47642	38.3
Central	501277	66.9	102496	36.1	51910	21.1
Eastern	160334	42.8	29646	22.5	16384	14.2
Kordofan	216852	44.6	33386	23.1	14783	12.8
Darfur	178649	35.6	24080	15.4	10573	7.4
Upper Nile	38060	15.9	6011	5.8	3144	3.3
Bahr-El-Ghazal	21618	6.3	5131	3.4	4301	3.1
Equatoria	94466	45.3	14439	16.0	8340	10.0
Sudan	1653491	48.7	341283	27.1	180272	16.1

Source: ILO (1987) op. cit. p. 143.

Tabel 2.13

Enrolment by Sex in Institutions of Higher Education 1974/75 - 1984/85[a]

Institution	1974/75 Female	1974/75 Total	1974/75 % Female	1984/85 Female	1984/85 Total	1984/85 % Female
University of Khartoum	715	6942	10.3	2390	8028	29.8
Omdurman Islamic University	147	754	19.5	635	2166	29.3
Juba University[b]	-	-	-	124	856	14.5
Gezira University[b]	-	-	-	273	965	26.8
University of Cairo/ Khartoum Branch	2513	12671	19.8	8026	20383	39.4
Technological Institutes	178	1466	12.1	315	2192	14.4
Special Colleges[c]	112	208	53.8	730	1630	46.0
Total	3665	22041	16.6	12516	36226	34.5

Source: ILO (1987) op. cit.

(a) Figures for 1982/83 have been used here. Allowing for increases since then and enrolment of about 20,000 abroad, total higher higher education enrolment may be estimated at as much as 60,000 students.

(b) Intake in Universities of Juba and Gezira started in 1978-1979.

(c) The relatively high share of female in this category reflects the inclusion of Ahfad College of Girls.

Table 2.14

Employment Distribution according to Economic Activity in the Public and the Private Sectors 1982/83

Economic Activity	Public Sector Nos.	%	Private Sector* Nos.	%
Agriculture	45268	16.2	1781	4.0
Mining	3325	1.2	402	0.9
Manufacturing	11483	4.1	25510	56.8
Water, Gas & Electricity	21731	7.8	-	-
Construction	20332	7.3	2959	6.6
Trade	5425	1.9	6762	15.1
Transport	63223	22.7	2373	5.3
Financial Services	10259	3.8	1780	3.9
Other Services	97615	35.0	3333	7.4
Total	278661	100.0	44900	100.0

Source: Republic of Sudan, Ministry of Labour:

i) Survey of Labour Force, Wages and Working Hours in the Public Sector, May 1983;

ii) Survey of Labour Force, Wages and Working Hours in the Private Sector, May 1984.

* Includes 819 establishments with 10 persons or more in Greater Khartoum area only.

Tabel 2.15

The Balance Between Supply and Demand for Labour During the Six Year Plan ('000)

Year		Profess-ionals	Techni-cians	Ass. Tech.	Skilled Labour	Clerks	Semi-Skilled	Managers* (Directors)	Total
	Supply	3.2	1.1	1.7	4.9	7.0	105	-	122.9
1977	Demand	2.2	2.3	2.4	7.4	4.0	54	0.7	73.0
	Difference	+1.0	-1.2	-0.7	-2.5	+3.0	+51	-0.7	+49.9
	Supply	3.8	1.3	1.9	5.4	7.5	108	-	127.9
1978	Demand	2.8	3.0	2.8	9.4	5.5	67.5	0.9	91.9
	Difference	+1.0	-1.7	-0.9	-4.0	+2.0	+40.5	-0.9	+36.0
	Supply	4.1	1.7	2.5	6.4	8.0	112	-	134.7
1979	Demand	3.6	3.6	3.3	11.3	6.5	94.5	1.3	124.1
	Difference	+0.5	-1.9	-1.8	-4.9	+1.5	+17.5	-1.3	+10.6
	Supply	4.6	2.3	3.2	8.1	7.7	115	-	140.9
1980	Demand	4.2	4.2	4.1	12.8	7.5	121.5	1.5	155.8
	Difference	+0.4	-1.9	-0.9	-4.7	+0.2	6.5	-1.5	-14.9
	Supply	4.9	3.1	3.8	10.5	7.3	118.0	-	147.6
1981	Demand	4.9	4.9	5.2	14.3	8.0	148.5	1.8	187.6
	Difference	0	-1.8	-1.4	-3.8	-0.7	-30.5	-1.8	-40.0
	Supply	5.4	4.2	4.4	13.5	7.5	121.0	-	156.0
1982	Demand	5.8	6.0	6.2	16.8	9.5	162.0	2.3	208.6
	Difference	-0.4	-1.8	-1.8	-3.3	-2.0	-41.0	-2.3	-52.6
T									
O	Supply	26.0	13.7	17.5	48.8	45.0	679	-	830.0
T	Demand	23.5	24.0	24.0	72.0	41.0	648	8.5	841.0
A	Difference	+2.5	-10.3	-6.5	-23.2	-4.0	+31.0	-8.5	-11.0
L									

Source: Ministry of Finance & Planning: The Six Year Plan of Economic & Social Development.

* As regards this category, the table shows demand projections only because it includes various professional and educational levels.

Table 2.16

Higher Education Graduates Registered and Recruited into the Public Service, 1982/83 - 1985/86

Years	Registered	Recruited	Percentage
A. Graduates of Scientific and Technological Faculties:			
1982/83	1816	1265	69.5
1983/84	2329	1155	49.5
1984/85	2261	823	36.4
1985/86	4162	623	14.5
B. Graduates of Liberal Art Faculties:			
1982/83	2274	1063	46.7
1983/84	2034	492	24.1
1984/85	2026	696	34.4
1985/86	5000	200	4.0
C. Graduates of Higher Technical Institutes:			
1982/83	860	520	60.4
1983/84	634	358	56.5
1984/85	808	208	25.3
1985/86	2132	141	6.6

Source: ILO (1987) op. cit.

N O T E S

1. See Table 2.1

2. See ILO (1986), p 8.

3. See World Bank (1987), p 7.

4. The latest devaluation was in November 1987 and accordingly the exchange rate was fixed at $1 =£s4.5.

5. Zakat is the Islamic tax system and is defined as: an obligation arising on the wealth and income of the Muslem to pay dues annually or upon realisation as the case may be.

6. For example, during the period 1970/71 to 1972/73 the balance of payments was more or less in balance and debt service ratio ranged from 12 to 14 per cent.

7. The daily expenditure on war is currently estimated to be about one million Sudanese Pounds.

8. See ILO (1987b), p 9.

9. Cru de birth rate (per thousand) was 47.0 in 1956 and according to the latest estimates available it is 45.3. Crude death rate declined from 23.9 to 17.2. Total fertility rate remained unchanged, 6.7 in 1956 and 6.6 in 1979. Child death rate (per thousand) declined from 160.5 in 1956 to 113.2 in 1979.

10. See World Bank (1987), op cit, p 2.

11. Child dependency ratio = the ratio of the population aged 0-14 years to those aged 15 and above.

12. For further discussion of difficulties of measuring female labour force participation in LDCs see G Standing (1977).

13. Although these figures are rather outdated, they are the only statistics which could be obtained as the final results of 1983 National Census are yet to be published.

14. See ILO (1987b), op cit, p 35.

15. See ILO (1976), p 123.

16. See ILO (1987b), op cit, p 141.

17. ibid.

18. The technical secondary stream is further subdivided into commercial, industrial, agricultural and home economics training.

19. See ILO (1986), op cit.

20. See ILO (1987b), p 146.

21. ibid.

22. ibid.

23. The centres currently operating include two in Khartoum and one each in Wad Medeni, Kosti, Port-sudan, Malakal, Wau and Juba.

24. ILO (1987b).

25. ibid.

26. ibid.

27. See Peter Fallon (1987). A feddan is a measure of land area equal to 1.04 acres or 0.42 hectars.

28. ibid.

29. See El-Bagir et al (1984).

30. P Fallon (1987).

31. E El-Bagir (1984).

32. See International Bank for Reconstruction and Development (1985).

33. P Fallon (1987).

34. A Statement by the Minister of Agriculture to the Constituent Assembly in February, the 14th, 1987.

35. See E El-Bagir (1984).

36. Other large irrigated schemes include, Rahad, New Halfa, White Nile, Blue Nile, Al-Gash, etc.

37. P Fallon (1987).

38. ILO (1976).

39. See Government of Sudan: Ministry of Finance and Economic Planning (1983) for a full account of rural labour in Northern Sudan.

40. El-Bagir (1984), op cit.

41. Extreme regional imbalances are manifested by the fact that about 90 per cent of modern irrigated and mechanised farming schemes are in only two provinces, Kassala and Blue Nile.

42. See Berar-Awad (1984).

43. See P Fallon (1987).

44. See ILO (1985), op cit.

45. ILO (1976).

46. ibid.

47. Berar-Awad (1984).

48. ILO (1985).

49. See A S Ahmed (1980).

50. See N Choucri (1985) for a comprehensive survey of Sudanese workers abroad. See also P Fallon, op cit.

51. ILO (1987b).

52. See Galal-el-Din (1978). Unrecorded migration include those who travel to annual Hajj or Omra to Saudi Arabia, those who emigrate on individual contract basis and those who travel as visitors to neighbouring Arab countries and eventually end up working there.

53. See World Bank (1983).

54. See H M Al-Rahman and M B Mohammed (1984).

55. ILO (1987b).

56. Berar-Awad (1984).

57. In view of the notable fall in cotton export earnings, remittances of SWA have become the largest single source of hard currency in recent years.

58. P Fallon (1987).

59. N Choucri (1985).

60. E El-Bagir (1984).

61. World Bank (1983).

62. Berar-Awad (1984).

63. ILO (1987b).

64. ibid.

65. Skilled labour and professionals are now needed on an even larger scale to maintain and run the vast numerous projects that were established in Arab states with the oil boom in the 1970s.

66. See ILO (1986) and ILO/UNCHR (1984).

67. See P Fallon (1987).

69. Urban labour markets have been divided in various ways such as, protected vs unprotected, organised vs unorganised, private vs public, informal vs formal. for full discussion on the subject, see S Kannappan (1976).

70. The ILO mission to Kenya made such distinction for the first time on the basis that these two sectors are found quite dissimilar in many ways. The formal sector is made up of large enterprises both public and private and is characterised by large and relatively stable wage employment, while the informal sector is basically composed of unorganised enterprises with relatively large proportion of self-employment.

71. See Case Study No. 5 (EMIC), which reveals an example of the high incidence of casual employment in the public sector.

72. ILO (1987b).

73. This could be the reason behind the SWTUF's claim that it organises nearly one million workers.

74. ILO (1987b).

75. ILO (1976).

76. See W House (1987), ILO (1976) and ILO (1987b).

77. ILO (1987b).

78. M A Ali (1984).

79. Evidently it is largely the University of Cairo, Khartoum Branch, which is responsible for the large number of liberal arts students in the country. In 1984/85 20,383 out of a total higher education enrolment of 36,226 were in the University of Cairo and virtually all were in humanities and social sciences.

80. E El-Bagir (1984).

81. Berar-Awad (1984).

82. ibid.

83. See the Ministry of Finance Rural Labour Survey, op cit. There were absolute surpluses of labour in the provinces of Gezira, White Nile, South Kordofan, North Darfur, Red Sea, Northern and Nile thoughout the year. In South Darfur and North Kordofan, labour surpluses persisted in all months except for the peak season. In the Blue Nile and Kassala, there was surplus in the slack season and shortage during the peak period.

84. P Fallon (1987).

85. Even if there were opportunities many may be reluctant to join the informal sector because of social factors and the low esteem attached to informal activities.

C H A P T E R T H R E E

PUBLIC SECTOR EMPLOYMENT

INTRODUCTION

In the previous chapter a detailed analysis of the characteristics and functioning of the labour markets in the Sudan has been provided. It emerged that urban labour markets are dominated by public sector practices. This issue will be thoroughly considered in this chapter. By examining, inter alia, the size of employment at different levels, its growth over time and the share of the wage bill in public expenditure, our objective is to develop a broad context for subsequent analysis of pay in the public sector.

3.1. THE ROLE OF PUBLIC SECTOR IN THE ECONOMIC DEVELOPMENT OF LDCs

To put the Sudanese case into perspective, it seems useful to consider the factors which have made the role of the public sector so crucial in the socio-economic development in the majority of less developed countries.

3.1.1. Scope and Functions

The term 'public sector' cannot be easily defined as an entity with precise boundaries. It embraces a great variety of institutions which are loosely organised as a whole. Thus, the concept may differ substantially between countries with different socio-economic systems and over time. In very broad terms, it has been defind as:

> "... the sector of an economy that consists wholly or mainly of the state-owned and controlled institutions."(1)

In LDCs the need for an active involvement of the state is pressing in view of the enormous task of improving the standards of living which in some countries literally means the difference between life and death. The improvement of the quality of life for the majority of the population frequently requires not only an appropriate re-orientation in development goals and strategies, but also new institutional arrangements and instruments to implement them. Thus, it has been noted that:

> "The role of the public sector is likely to be larger, the greater the possibility of divergence between social and private costs and benefits, the greater the institutional and organisational obstacles to development, the greater the attention paid to the question of more equitable distribution of the results of the development, and the greater the obstacles to economic independence from foreign pressures."(2)

A Eckstin (1958) brings the influence of a 'demonstration effect' into the picture and argues that the more backward the economy in relative terms, the greater will be the pressure and need for massive state intervention.(3)

In a report of the Secretary-General of the United Nations to the Economic and Social Council in 1977, the following criteria and practices employed by developing countries with regard to the role and place of the public sector, were mentioned: (a) providing facilities and services aimed at satisfying basic social and economic needs; (b) ensuring national control of national resources and the key areas of economic activities; (c) creation of job opportunities with particular attention to the disadvantaged regions, sectors and groups; and (d) filling the gaps in the economy by promotion of development in promising economic activities where private initiative has proved insufficient. These roles are designed to achieve wider goals in terms of equitable distribution of national wealth, reduction of regional imbalances, the acceleration of

economic growth and reduction of poverty.

3.1.2. The Growth of Public Sector in LDCs

Generally, two kinds of public sector institutions could be distinguished: those which are engaged in the traditional areas of public utilities and services, and those which are used as instruments for achieving specific development programmes or objectives. The growth of the public sector, therefore, involves growth of the traditional civil service as well as the increase in the number of public enterprises as policy tools available to the state to achieve its economic, social and political goals.

To achieve the wider goals mentioned above, many developing countries have increased their dependence on the public sector since independence from colonial powers. The heavy weight of the public sector in these economies both as an employer and as a component of national income and expenditures, is reflected in Table 3.1 which shows its share in GDP, employment, capital formation and total wage bill in some African countries. As can be seen, in spite of the highly divergent development strategies pursued by these countries, the public sector is extremely important in all of them. There are, of course, the usual data problems in making comparisions of this kind. For example, the range of institutions included in the public sector may differ from one country to another. The paucity of time-series data in many countries also makes it difficult to draw detailed conclusions on the relative rates of growth in their public sectors. What is clear, however, is that the growth has been extremely rapid since independence. for example, the Kenyan public sector accounted for 19 per cent of GDP in 1964 and 38 per cent in 1977. The share of the public sector employment rose from 32 per cent to 42 per cent during the period. In Tanzania, the share of the public sector

in total monetary fixed capital formation rose from 47 per cent in 1966 to 74 per cent in 1974. And in Nigeria the public sector's share of GDP rose from 9 per cent in 1962 to 38 per cent in 1976.(4)

The reasons for the rapid expansion of the public sector in LDCs are multi-dimensional ie historical, political and economical. (i) Historical factors: the existing economic structures of most LDCs were influenced, shaped and created by colonial regimes and their relationships to the metropolitans. Colonialism itself laid the foundation for the present expanding role of the public sector. For political and economic reasons, most of economic activities had been concentrated in the hands of the central government, with limited opportunities open for private initiative. Even those, were dominated by foreign companies. It was, thus, a simple step further for the newly independent countries to extend the realm of the state to manufacturing and agriculture both through the acquisition of previously foreign-owned concerns and through investment in newly-created state enterprises. In this respect L Jones and E Mason (1977) argued that:

> "In the wake of colonial exodus new governments often have little short-term alternative but to take over substantial responsibilities in the industrial sphere."(5)

In addition to the historical heritage, once an enterprise is in public hands, for any significant period of time, then there develops a strong inertia (defended by various interest groups) that tends to keep it in the public sector regardless of performance. (ii) Socio-political factors: in the immediate post-independence era a strong socialist orientation had understandably developed in many LDCs. The most general motive for establishing public sector organisations is widely reported to be putting the major means of production in public ownership to attain more egalitarian social relations.(6) Different countries, naturally, followed different paths to socialism, depending

on the specific conditions of a given country, and the degree of socialisation it intended to achieve. Tanzania, for example, has paid considerable attention to complete social transformation, both in using public enterprises as the institutional basis of socialist development and in the importance given to 'ujamaa' villages in rural development. A similar orientation has been observed in Somalia.(7) On the other hand, in India, the socialist orientation has put more emphasis on the role of public enterprises in the mixed economy framework. However, the policy orientation that the public enterprise sector should grow through state entrepreneurship and not through nationalisation means that the share of public enterprises has increased only gradually and that they have been complementing private enterprises rather than competing with them.

Another important political motive - although it could have an economic dimension - for the establishment of public entities is prevention of foreign domination of the economy. To obtain national control over natural resources and other key areas of economic activity, public enterprises replaced completely or partially nationalised foreign enterprises. Thus, the need for greater national control of the economy in the struggle for political and economic independence has led to a considerable expansion of the public sector in some LDCs.(8)

A further motive of a political nature is that of prevention of private domination of the economy. In analogy to the argument about foreign interests, there has been widespread concern in developing countries to prevent the excessive concentration of economic power in private hands, in view of a possible divergence of private and public interests and its repercussions on the distribution of income, wealth and power in the society. (iii) Economic factors: economic factors

like market structure, technology, finance, size of the firm and inter-dependence in the economy have been very important distinguishing characteristics and a major motive for the establishment of public sector organisations even in countries where the ideological orientation does not favour public enterprises in general. State intervention is pressing in LDCs where the micro-economic processes have not been sufficient and/or efficient enough to start a process of growth. Thus, the state should take the initiative and act as a model for the private investors. Moreover, because of lack of necessary finance, experience and technology private investors may be unable or unwilling to enter in certain sectors and industries. It is the government's responsibility to fill such gaps. Whatever the case, the overwhelming desire for rapid development and economic growth leaves governments in LDCs with no alternative but to assume increasingly the role of the entrepreneur. This means not just providing the infrastructure for investment, but also setting up its own organisations, managing industries and organising the distributive trade.

3.1.3. Public Sector as an Employer in LDCs

In most LDCs, the public sector is by far the largest employer of wage labour. As Table 3.2. shows almost half of the employed labour force is engaged in public sector activities, a much higher proportion than OECD countries. In contrasting the relative importance of government employment in the industrial OECD countries and the LDCs, by level of government, certain patterns emerge clearly. Central government is far more significant in non-agricultural employment in the developing countries, averaging 23 per cent of such employment in contrast to only 9 per cent in the OECD countries. There is, also, considerably large variance in the ratio of central government employment to non-agricultural

sector employment in the developing countries than in the OECD countries. In the LDCs one standard deviation from the mean of this ratio implies a range from 7 per cent to 50 per cent. In the OECD countries the range would only be 3 per cent to 14 per cent. The clear message from these statistics is the significant impact that government policy on wages and salaries is likely to have on the overall remuneration of employees in the non-agricultural sector in developing countries. P Heller and A Tait (1984) estimated the magnitude of such influence and argued that:

> "Without even taking into account state, local and non-financial public enterprise employment, central government decisions on wages and salaries in developing countries are likely to affect from 15 to 40 per cent of the urban labour market, and therefore to have a pervasive effect on domestic unit wage costs."(9)

The inclusion of other public sector bodies, further enhances the significance of the sector in LDCs. For example, the employees of public enterprises loom much larger in LDCs, averaging 14 per cent of non-agricultural sector employment in contrast to only 4 per cent in OECD countries. Thus, altogether, public sector employees average 44 per cent of non-agricultural employment in LDCs and 24 per cent in OECD countries. Among developing countries, the share of public sector employees in non-agricultural employment in Africa reaches 54.4 per cent which is significantly higher than the 44 per cent mean for the OECD countries. However, even this figure of 54.4 per cent could still be on the low side because it is clearly based on a limited sample of countries. Evidence available from other sources indicates that the ratio could reach as high as 80 per cent in many African countries.(10)

Not unexpectedly, the literature on the determinants of public sector employment in LDCs is very thin. Obviously, however, the size of the public sector activity shaped - as we have seen above - by a

multitude of historical, political and economic considerations, is the most important factor in explaining the share of government employment in modern sector employment. Thus, the growth in the public sector activity in LDCs in the last three decades or so has had a commensurate effect on employment by escalating the number of people employed in the public sector not least due to the opportunities created by excessive government centralisation and bureaucratisation. It could be argued, however, that the need for creation of employment opportunities might be itself a cause rather than a consequence of public sector activity expansion. In view of the special characteristics of the employment problem in LDCs - as exhibited by poverty level of incomes, underutilisation, and limited employment opportunities outside the public sector - the government may find itself morally, socially and politically obliged to establish entities purposely for job creation. This is particularly apposite in the case of highly educated manpower for whom there is relatively little demand from both private and informal sectors. It has been estimated that almost three out of four university graduates in the majority of LDCs work for government.(11)

Among the very few empirical works on the determinants of government in LDCs, only Lindauer (1980) and Heller and Tait (1984) have attempted any econometric explanation. Lindauer's study of African countries explained per capita public employment over time, primarily as a function of the size of a country (as proxied by its population size) and per capita income.(12) Heller and Tait found that government employment tends to increase on a per capita basis as per capita income rises. However, they qualified their results by arguing that for countries with per capita income that is less than $800 there is no significant relationship. No relationship emerged between the size of population and the share of public sector employment in both non-

agricultural sector employment and total population. For Heller and Tait, the type of economic system proved to be an important factor: the more centrally planned the economy, the higher the share of the public sector employees in total non-agricultural employment.(13) What is interesting is that such analyses fit within the framework of efforts to test the validity of Wagner's Law, which posited the growth of public sector over time. In his 'Law of Increased Government Activity' Wagner (1883) stated that rising government expenditure was a necessary accompaniment to rising incomes and social progress. Social progress would entail a growth in the state's administrative and protective functions and, therefore, social expenditure and responsibilities would grow. Wagner also argued that larger and more efficient public enterprise would inevitably replace small-scale private production. The law is, therefore, one of the 'secular' growth of public expenditure which inevitably causes growth in public sector employment.(14)

In view of the current controversies that surround public sector employment in the Sudan, the examination of issues such as whether the growth in employment is a cause or effect of increase in public expenditure, may prove valuable, provided that the available data would permit such analysis.

3.2. THE PUBLIC SECTOR IN THE SUDAN

3.2.1. Definition

In line with what has been said about the 'public sector' in LDCs under 3.1.1. above, the term will be used here and throughout this thesis in its widest possible sense to include all sectors of wage employment in the Sudan, in which the government is solely or predominantly the owner or employer. Thus, it covers essentially: (i) the civil service

ie, central and regional governments; and (ii) the parastatal sector which comprises public authorities, public corporations (under the 1976 Act or any other special act) and public companies.

3.2.2. Activity

The public sector economy varies from country to country, largely due to the historical, political and economic factors that have served to condition and determine the state's direct economic activities as reflected, inter alia, in public investments. In the Sudan, the state has been particularly active in the economy, accounting for over 70 per cent of total investments, just as it has always been the largest employer of wage labour.

The dominant role of the government in the Sudanese economy has been further enhanced by two major events in the last couple of decades. The first was the nationalisation in 1970 and the other was the regionalisation in 1980/81. With the nationalisation and confiscation decisions, which were widely believed to be politically oriented, a vast spectrum of foreign-owned and indigenous companies came under government auspicies ranging from large commercial banks to small trading companies. Regionalisation was first introduced with the conclusion of the Addis Abbaba Peace Agreement which gave regional self-government to Southern Region. The process was completed by a similar arrangement for Northern Sudan and five more regions have been created with independent and large administrative and political bodies for each region.

Historically, the weakness of the private sector in LDCs has been considered to be one of the most important reasons for the involvement of the state in capital accumulation process, and the Sudan is no exception. The government's entry into the economic sphere was occasioned by the deficiencies of the private sector where investors were more ready to invest in the quick-yielding opportunities to be found in

commercial activities than in the industrial sector, for which they also lacked the requisite financial and entrepreneurial resource.

Thus, the government established major agricultural schemes in Gezira, Rahad, Blue Nile and White Nile; has taken over such industries as sugar, textiles, leather, construction, etc, in which production requires capital and expertise on a scale which is beyond the capabilities of the Sudanese businessmen. Moreover, the government owns commercial banks and trading companies in addition to its long standing monopoly of transportation, communications, generation and distribution of electricity and other services. The net effect has been the involvement of the state in virtually every aspect of economic activity in the country. The growth of a large parastatals sector charged with carrying out, controlling and monitoring the economical functions of the government was a logical development of such wide state intervention. It has been reported that there are about 137 state-owned enterprises in the Sudan, of which 44 are corporations and 93 are companies that are either wholly owned by the government or joint ventures with majority state ownership; 18 are in agriculture, 32 in industry, 21 in commerce, 9 in transportation and 4 in energy. Total government equity in these enterprises was some £s944 million in 1983, and annual investment was running at about £s200 million.(15)

3.2.3. Public Expenditure Growth

Our definition of the government/public expenditure would cover only the expenditures incurred by the central government. Data on regional governments are not yet available and even the limited information available on aggregate basis is of dubious quality. Data on expenditures at local authorities' levels are basically non-existent. Partial accounts of some public corporations appear from time to time

in the Ministry of Finance's Annual Economic Survey, but they are of varying quality and no central consolidated source of such information is published. At the same time, frequent re-organisations make it difficult to present meaningful time-series data on parastatals and their operations. Such narrowly defined public expenditure is obviously insufficient to provide the full extent of public sector activity in the Sudan. Nevertheless, it may provide an approximate picture of the relative importance of its different components and their growth over time which, in turn, could reveal the pattern of wage bill at least regarding central government employees.

The majority of the government expenditures are under either the current or the development expenditures. This division is roughly synonymous with the normal concepts of current and capital expenditures. The current expenditures are composed of three 'chapters'. 'Chapter One' includes expenditures on salaries and wages; 'Chapter Two' covers expenditures on services, debt repayments and interest on loans, transfers to higher education institutions, subsidies and defence expenditures; 'Chapter Three' includes expenditures on minor items such as purchase of office equipment, cars, etc. The development budget is divided into the two sections of government and self-financed units. These cover all public sector investment expenditures except those associated with joint-venture investments with the private sector. The self-financed units (such as Seaports Corporations) are placed in a class separate from the rest of the governmental and parastatal units because they provide (in theory at least) the local currency component of their development expenditures out of current savings. However, these divisions within the current expenditures budget and between the current and the development expend it ures are not clear-cut. To be technically precise, a few points need to be mentioned: firstly, in

addition to personnel expenditure in 'Chapter One' a large proportion of expenditure on defence, transfers to the regional governments and higher education institutions on account of salaries and wages. Secondly, 'Chapter Three' of the current budget includes some items of capital expenditure while, on the other hand, the development budget includes expenditure on wages and salaries for employees in the development projects in progress.

Table 3.3. shows the patterns and trends of government expenditure for the period 1970 to 1986. During this period the growth in expenditure has clearly been substantial with an average rate of growth of more than 20 per cent per annum. Examining each category of the public expenditure, the figures reveal that while the currrent expenditure increased by 17 fold, the development expenditure rose by a multiple of 10 despite the substantial amounts of capital injected into the so-called 'breadbasket' development projects in 1970s. Moreover, the share of development expenditure in total government expenditure fell from almost 20 per cent in 1970/71 to about 8 per cnet in 1985/86 implying that more government money has recently been devoted to meeting its current obligations.

The share of the public expenditure in GDP assumed different patterns during the period. The downward movement of early 1970s was followed by a significant upward trend until it reached its peak of 27 per cent in 1980/81. Since then it started to decline again - except in 1983-85 - and by 1985/86 the share was 21 per cent of GDP, indicating a reduction of 3 percentage points since 1970/71. Much of this reduction could be attributed to the fall in the share of development expenditure which fell from 4.8 per cent of GDP in 1970/71 to 1.7 per cent in 1985/86 while the current expenditures' share fell slightly from 19.6 per cent to 19.1 per cent during the period. In 1984/85 and 1985/86,

the average growth in total expenditure was, however, still 34 per cent. The growth was primarily related to the rise in current outlays which were 68 per cent higher in 1984/85 than in the previous year and again 22 per cent higher in the next year. Table 3.4 shows that as expenditure controls weakened, 'unidentified' and other expenditures have emerged in recent years as a substantial proportion of total current expenditure. For example, during 1980/81 - 1985/86 while expenditure on economic and social services, in which the wage bill is a major constituent, increased by 32 per cent, unidentified expenditure (primarily related to national security, political organisations and the Presidential Palace expenses) increased by almost 300 per cent; 'other expenses' by about 800 per cent; armed forces expenditure by 278 per cent, and interest payments by 500 per cent.

Thus, it could arguably be said that in addition to the cuts in public investment in recent years, the government opted for some kind of informal wage restraint or a reduction in non-salary expenditures in economic and social services, to reduce budget deficit, which amounted in 1982/83 to 7.9 per cent of GDP. But since that year it began to increase and amounted to 12.9 of GDP per cent by 1985/86. It appears that the decrease in development expenditure and perhaps the saving on unit salaries have been offset by apparent increase in other budgetary and extrabudgetary expenditure. Coupled with a simultaneous fall in revenues which fell from 15 per cent of GDP in 1980/81 to 8 per cent in 1985/86, the net effect has been the continuation of weak budgetary performance and excelerating inflationary pressures.

It emerges from what has just been said that current government expenditure as used in official documents in the Sudan is not of a great help in indicating the growth of public sector employment over time. Expenditure on economic and social services which presumably

include expenses on wages and salaries constituted only 5.6 per cent of total current expenditure in 1985/86. Moreover, wages and salaries are included also in other categories such as payments to institutions, transfer to regions and other expenditure. For example, in 1985/86, 'other expenditure' in Table 3.4 included £s136 million for pay awards in that year. More importantly, as has been said earlier, the definition of the public expenditure exployed in this analysis does not cover the whole of the expenditure of public bodies such as the parastatals. Nevertheless, in the following sections an attempt will be made to reveal the extent of public sector employment growth and the consequential increase in government wage bill.

3.3. THE SIZE OF PUBLIC SECTOR EMPLOYMENT

3.3.1. Problems of Data

The collection of data on public sector employment in the Sudan proved to be an extremely difficult task. It is surprising that neither the Ministry of Finance and Economic Planning (officially considered to be the actual employer of all government employees) nor the Ministry of Labour collect labour market statistics in any systematic or standard way. Moreover, the deficiency is exacerbated by the absence of any authoritative secondary data, and one is, thus, forced to depend on a variety of sources of which at least some are of doubtful reliability. The sources consulted include: budget documents of Ministry of Finance; reports of ILO missions to the Sudan; reports of government committees; and occasional reports by government officials. Available estimates vary widely according to the source and the definition used by any particular source and, thus, information about the subject remains grossly deficient and incomplete.

3.3.2. Civil Service

Due to lack of co-ordination and discipline even the Civil Service Department does not keep any records of total numbers of government employees. The only information available about civil service employment relates to budgeted posts, ie, posts for which financial provisions are made in 'Chapter One' in the government annual budget, rather than to numbers actually employed. Thus, there is always a danger that the number of budgeted posts may overstate the actual employment at any given time by a margin commensurate to the number of vacant posts (estimated to be in the range of 2-4 per cent in central government).(16) In recognition of this, it has been reported that the Budget deducts part of the total annual cost of the number of budgeted posts when providing estimates of the actual budget provisions that need to be made.(17) For example, in 1985/86, initial budget provision for central government was cut by 12 per cent and for regional governments by 10 per cent in lieu of anticipated unfilled posts. Such reduction may indicate that the number of vacancies at any particular time could be significant. Furthermore, it has been suggested that it may take 3 to 5 months to fill a vacancy in the civil service.(18) Certainly some posts will remain vacant for longer periods especially in the regions and some may not be filled at all as a part of deliberate policy measures to reduce overmanning in certain parts of the public service. However, the number of vacant posts may be partly offset by extra-budgetary posts created for political reasons; a practice which has been widespread particularly during the Numeiri rule. Therefore, while budgeted posts provide a good indication of the number of jobs available in the civil service, they do not provide a completely accurate measurement of numbers actually employed in any particular month or year. Nevertheless, in the absence of any alter-

native reliable source of information, it will be assumed that the numbers employed are the same as budgeted posts.

Table 3.5 shows the number of budgeted posts in central and regional governments, excluding uniformed non-military forces (police, prison, fire services and wild life guards) for fiscal year 1985/86. The breakdown of the total budgeted posts of 305,423 reveals that almost 75 per cent of total employees are in regional governments and 25 per cent in the central government. It also shows that the percentage shares of classified (white collar) and unclassified (blue collar) employees are 45 per cent and 55 per cent respectively. The balance between classified and unclassified in the central government and at regional levels is roughly the same as at the national level. Probably about 15 per cent of civil service posts are filled with university graduates (grades 1-9) and more than 50 per cent by candidates at least with a secondary school certificate (grades 1-14) implying that civil service in the Sudan is a large employer of educated labour.

3.3.3. Parastatals

The employment data regarding the rest of the public sector is much more shaky as surveys about parastatals are very scarce if not non-existent. The Report of the Technical Committee for the Reform of the Public Service and the Promotion of its Performance (January 1986) gives 168,872 as total employment in public corporations and higher education institutions. Comparable figures by the ILO Report (1987) showed employment in public corporations and institutions to be 170,624 in 1985/86. Scattered information collected by the writer, however, suggests a higher figure of 194,765 for total parastatal employment in 1985/86 (see Table 3.6).

Around 30 per cent of parastatal employees are classified. In

comparison with corresponding figures for the civil service this share is relatively small reflecting the concentration of blue collar workers in agricultural and manufacturing public corporations. However, in the financial institutions, and not unexpectedly, the number of white collar employees outweighs that of manual workers by almost three folds.

The public sector as a whole (civil service and parastatals) thus provides around 533,000 posts (including 33,079 uniformed non-military forces in 1985/86), and the shares of central government, regional governments and parastatals are 16 per cent, 47 per cent and 37 per cent respectively. The fact that parastatals provide more than twice the number of posts available in the central government is a clear indication of the significance of this sector in the Sudanese economy - at least as an employer.

3.4. GROWTH OF PUBLIC SECTOR EMPLOYMENT

3.4.1. Growth in Number of Employees

No appropriate time-series data are available to allow an adequate examination of the growth of public sector employment in the Sudan. Nevertheless, the writer ventures to offer some tentative conclusions on trends in government employment using the limited aggregate available at central and, recently, at regional levels.

As Table 3.7 indicates there has been a massive increase in the number of civil servants in the Sudan over the past 80 years. Since the turn of the century, the numbers of classified staff employed in central government have increased from less than 1000 to more than 86,000 in 1975; the major growth has occurred in the post-independence era particularly over the decade 1965-1975. In 1966/67 the government, as a part of its 'human resource utilisation' programmes, had adopted

a policy of guaranteeing employment to, at least, all graduates of university and post-secondary institutes as an 'employer of the last resort'. According to one source, in the beginning and until around 1970 even the intermediate and secondary school leavers, who were not able to enter the next stage of the education system, were also guaranteed employment in the government.(19) Since 1970, however, the scheme applied to graduates from universities and post-secondary institutes. For this purpose, the government earmarked in the annual budget a special amount which constituted the 'Unemployment Relief Fund'. Information with regard to the number of persons employed against the 'Fund' is very scarce. According to one source 8,367 persons had been employed by 1968 at a cost of £s2.144 million.(20) Moreover, it was reported that the government made a provision of £s1.0 million annually for this purpose and that this amount was always fully used. The total accumulative cost to the exchequer had been estimated to be of the order of about £s50.0 million between 1966/67 and 1973/74. All this amount cannot, however, be reckoned as having been spent on employing those for whom there was no real need in the government service. Some of this had certainly covered the need for normal development to meet the growing requirements of the country, but a substantial portion of the amount of £s50 million could be reckoned to have been spent on the support of the government's policy as 'an employer of last resort'. Because of its excessive direct financial costs and its deleterious effect on the education system and labour market operation generally, the policy was dropped with reference to arts graduates in 1974, science graduates in 1978, agriculture graduates in 1980, and then discontinued altogether in 1981. Nevertheless, the scheme had already caused a substantial expansion in government employment. From 1965 to 1975, for example, the number of classified staff in central government almost

tripled (Table 3.7). It is widely argued that the apparent over-staffing in the public service has been the product of earlier government policies such as the guaranteed employment system.(21)

Table 3.7, also, shows that the number of classified staff in central government has been falling since 1975. But, this has been due to the shift of employment from central to regional governments as part of the regionalisation programme introduced in 1980/81. Infact, the first steps toward regionalisation started long before that time. Following the Addis Ababa Agreement in 1972 which temporarily ended the civil war, a Southern Region with a large degree of autonomy has been instituted. In 1974/75, the gradual devolution of the ministries of education, local government and agriculture was initiated. This was completed by the decentralisation of other ministries and the full establishment of political and adminsitrative bodies in five northern regions in 1980.

The rationale behind regionalisation has primarily been political and/or administrative. It is viewed as a way of making government work better and thus, 'regional and local government units are supposed to be more responsive to people's wants and more efficient in satisfying them'.(22) The process, nevertheless, has employment consequences. By transferring as many functions as possible from the centre, before opting for creation of new posts in regional governments, it was expected to reduce the central government's burden in employment as well as budgetary terms. Moreover, it was viewed as a means of controlling the employment growth in the central and regional governments taken as a whole.

Table 3.8, which provides the number of budgeted posts in central and regional governments for the period 1975/76 - 1985/86, indicates that the balance between classified and unclassified remained

roughly the same, but the balance between central and regional employment changed dramatically. In 1975/76 central government accounted for 53 per cent of all posts and 66 per cent of classified posts. By 1985/86 its share had fallen to 25 per cent and 27 per cent respectively. Classified posts in central government had declined from 86,418 in 1975/76 to 42,855 in 1985/86 and unclassified posts from 49,282 to 42,888 resulting in an overall fall in central government employment of 37 per cent. In the absence of relevant information it is difficult to accurately claim that such a decline was entirely due to the shift from central to regional governments. It is possible that part of it might have been caused by the government's informal policy of restricting the number of new recruits in recent years.

Nevertheless, employment in regional governments expanded substantially and increased by more than 100 per cent during the period 1975/76 - 1985/86. The increase was marked in classified budgeted posts which rose by 180 per cent against 68 per cent for the unclassified. It appears, therefore, that creation of new posts in the regions was deemed necessary because either the required shift of staff from central government activity was too large to be manned by transferred staff alone. Whatever the case, total budgeted posts in central and regional governments increased by a third during the decade 1975/76 - 1985/86.

3.4.2. Growth of Wage Bill

Considering the difficulties in obtaining reliable information about employment in the public sector, the dearth of labour cost data should hardly be surprising. The only information available relates to the financial provision in 'Chapter One' of the Budget which roughly indicates the cost of central government posts each year. Even such information is not obtainable in a systematic form and figures for

earlier years are either lacking or vary considerably according to the source. Within these constraints, nevertheless, Table 3.9, which shows the growth in budget provision for 'Chapter One' (ie, wages and salaries), and the central governemnt employee unit wage cost during 1965/66 - 1985/86, has been compiled. Figures indicate that provisions for 'Chapter One' had been icnreased by almost five times since 1965/66 against a 37 per cent rise in the number of budgeted posts. As a result, the unit wage cost rose by more than 200 per cent from £s436 in 1965/66 to £s1452 in 1985/86. Apparently this dramatic rise in unit cost occurred after 1975/76 due to the combined effect of a sharp rise in 'Chapter One' provisions and a concurrent decline in the number of budgeted positions; implying that upward pay revisions during the period were quite substantial.

Unfortunately, data are literally non-existent to indicate the growth of labour cost in other parts of the public sector. Nevertheless, Table 3.10 provides an incomplete picture of the total labour cost and unit wage cost in the parastatals and regional governments in 1983/84 and 1985/86. As evident, total labour cost in regional governments is almost three times that of the central government; obviously reflc-ting their relative share in employment. In terms of unit wage cost, however, the figure for regional governments is slightly lower probably because of the concentration of highly paid staff in central government or because of the difference between the kinds and rates of allowances payable. The unit wage cost in the parastatals in 1983/84 was about 30 per cent higher than the corresponding figure in the civil service; not unexpectedly reflecting the disparities in individual emoluments as will become apparent later in this study.

3.4.3. Leverage Implications of Public Sector Employment

A principal reason for analysing the size of public sector employment is the belief that government employment and pay policies have critical implications for the economy at large, not least the remuneration system. It has been stated that,

> "... the larger the government share of employment, the more likely it is to dominate wage rates and awards not only for public sector employees but for the private sector as well, and thus to have a significant degree of leverage".(23)

The relationships of public sector employment numbers to population, labour force and modern sector of employment might all be taken to be indicative of the impact of government wage policies on wage rates in the economy, the distribution of income, and the structure of output in the economy. But as the government in the Sudan has little direct influence on agricultural wage rates (for example, the 1974 Minimum Wage legislation does not apply to agricultural workers), it is the size of government employment relative to the modern sector employment that is most likely to serve as a useful measure of potential leverage. Table 3.11 gives estimates of employment numbers in different parts of the modern sector in the Sudan. The public sector provides about 85 per cent of total non-agricultural (modern) sector employment and the share of the civil service alone reaches as high as 54 per cent. However approximate the figures may be, the clear implication is that government wage policy is likely to have a significant impact on the pay determination process in the country.

Another measure of the potential weight of government wage policy is the ratio of government wages to the national total wage bill or to GDP. As mentioned before, information in this regard is very scarce. Nevertheless, an authoritative source suggested that in 1983/84 public sector wages constitued more than 80 per cent of the total wage

bill and the equivalent of 15 per cent of GDP;[24] ratios considerably higher than that of 52 per cent and 12 per cent respectively observed for developing countries generally.[25] This finding suggests that not only the public sector has a pervasive effect on the overall remuneration system in the Sudan, but it has also a large claim on national income thus affecting its ultimate distribution.

3.5. CONCLUSION

Although one is forced to rely on extremely deficient information regarding public sector employment in the Sudan, the scattered data assembled in this chapter suggest that: the public sector is the largest single employer in the country representing some 85 per cent of modern sector employment and over 80 per cent in the total wage bill. Employment in the public sector has been expanding with a marked shift to regional governments in recent years. Whilst part of this increase in public service employment was necessary to provide manpower to the increasing range of government activity and, thus, services needed by a fast growing population, it has been argued that other elements of expansion over years have equally clearly not been justified by the increase in services, but were a result of past government policies and a response to a felt need to deal with a growing number of otherwise unemployed.[26] It is widely recognised that some parts of the public sector suffer from a gross underutilisation of manpower concurrently with apparent shortages of certain skills in other parts. However, in the absence of proper assessments of staffing requirements it would be very difficult to determine the exact magnitude of overstaffing and/or shortages in public sector employment.

For the determination of adequate pay levels, this lack of infor-

mation about existing staff levels coupled with the lack of a yardstick to indicate how much employment is required to provide a certain level and quality of public services, poses serious problems. Nevertheless, the public sector wage bill is growing rapidly, sometimes independently of the movement of public sector employment. This implies that, although the government employment policy in terms of numbers it retains at any time directly affects its ability to pay, the level of employment is only one determinant of the size of the pay bill. The level of pay of each employee is the other, and an alternative to cutting employment is constraining the rate of growth of public sector pay. The rest of this thesis is devoted to analysis of public sector pay developments in the last couple of decades or so. However, it was thought that the understanding of recent years' experience cannot be adequate without the consideration of the major developments since the colonial rule. The next chapter provides an account of these developments.

Table 3.1

Percentage Share of the Public Sector in GDP, Employment Capital Formation and Total Wage Bill*

Country	GDP	Employment	Capital Formation	Wage Bill
Kenya	37.7	42.0	43.9	51.8
Nigeria	38.0	65.0	67.5	NA
Tanzania	61.4	70.1	73.7	70.7
Somalia	65.0	74.0	65.8	NA
Ghana	39.0	73.8	87.4	72.0

Source: Derived from different sources, including, R Abdin et al (1983), "A World of Differentials", and P Sicherl (1983) "The Role of Public Enterprises in National Development".

* These figures are for different years in different countries, but the majority are for the period 1974-1978.

Table 3.2

Share of Government Employment in Total Non-agricultural Sector Employment by level of Government and Region

Level of Government		OECD Industrial Countries	Developing Countries Total Sample	Africa	Asia	Latin America
Central Government	($\bar{x}$)	8.7	23.4	30.8	13.9	20.7
	(s)	(5.7)	(16.2)	(15.0)	(3.9)	(21.1)
	(n)	16	27	13	5	9
Local Government	($\bar{x}$)	11.6	4.0	2.1	8.0	4.2
	(s)	(6.0)	(7.3)	(2.6)	(14.7)	(4.4)
	(n)	16	31	16	5	10
General Government	($\bar{x}$)	19.2	26.0	33.0	22.2	20.7
	(s)	(5.9)	(13.7)	(15.1)	(16.3)	(4.6)
	(n)	21	26	13	6	7
Non-financial Public Enterprises	($\bar{x}$)	4.1	13.9	18.7	15.7	5.5
	(s)	(2.7)	(11.9)	(14.2)	(10.8)	(4.2)
	(n)	14	17	8	4	5
Public Sector Employment	($\bar{x}$)	24.2	43.9	54.4	36.0	27.4
	(s)	(7.8)	(22.1)	(21.2)	(23.1)	(13.2)
	(n)	14	22	12	5	5

$\bar{x}$ = mean
s = standard deviation
n = number of observations in the sample

Source: Figures derived from Table I in P Heller & A Tait, Government Employment and Pay: Some International Comparisons, Occasional Paper No. 24, IMF Oct 1983.

Table 3.3

Central Government's Revenues and Expenditures and GDP in current prices (in £s million) 1970/71 - 1985/86

Year	Total Revenues	Current Expenditure	Development Expenditure	Total Expenditure	GDP	Rev. as % of GDP	Exp. as % of GDP
1970/71	164	150	37	187	765	21.4	24.2
1971/72	170	171	30	201	832	20.4	24.2
1972/73	176	172	32	204	897	19.6	22.7
1973/74	206	190	42	232	1246	16.5	18.6
1974/75	288	264	102	366	1511	19.1	24.2
1975/76	323	284	113	397	1848	17.5	21.5
1976/77	385	332	155	487	2340	16.5	20.8
1977/78	459	423	186	609	2883	15.9	21.1
1978/79	505	647	165	612	3254	15.5	18.8
1979/80	587	724	221	975	3972	14.8	24.5
1980/81	734	1050	291	1341	4980	14.7	26.9
1981/82	895	1348	315	1663	6721	13.3	24.7
1982/83	1272	1563	414	1977	9344	13.6	21.2
1983/84	1474	1986	463	2449	11472	12.8	21.3
1984/85	1486	3333	472	3805	14920	10.0	25.5
1985/86	1790	4073	369	4442	21357	8.4	20.8

Source: figures for 1975/76 - 1985/86 period are derived from World Bank (1987) op cit. Figures for earlier years are from Ministry of Finance Economic Surveys for different years.

Table 3.4

Central Government Expenses 1975/76 - 1985/86 (£s million)

Year	Economic and Social Services	Interest Exp.	Armed and Police Forces	Payments to Institutions	Transfers to Regions	Un-identified Exp.*	Other Exp.**	Total Current Exp.
1975/76	69	18	46	78	74	-	-	284
1976/77	84	18	67	76	88	-	-	332
1977/78	92	53	81	91	105	-	-	423
1978/79	82	32	76	252	131	-	75	647
1979/80	102	48	107	196	209	-	62	724
1980/81	174	193	125	69	264	112	115	1054
1981/82	184	281	114	89	297	255	128	1348
1982/83	214	324	164	106	301	266	190	1563
1983/84	222	374	300	124	322	436	208	1986
1984/85	188	939	462	143	361	762	479	3333
1985/86	229	1174	473	160	558	429	1051	4073

Source: World Bank (1987) op cit Table 5.3.

* Reflects security forces expenses, Presidential Palace expenses, custom duties uncollected from public corporations, etc.

** Includes £s92 million and £s91 million emergency food distribution in 1984/85 and 1985/86 respectively, £s106 and £s76 million devaluation compensation in these years and £s136 million for pay award and £s280 million reserves in 1985/86.

Table 3.5

Civil Service: Number of Budgeted Posts for Fiscal Year 1985/86*

Grade	Central Government			Regional Government			Total		
	Classi-fied	Unclassi-fied	Total	Classi-fied	Unclassi-fied	Total	Classi-fied	Unclassi-fied	Total
1	153		153	38		38	191		191
2	37		37	57		57	94		94
3	177		177	164		164	341		341
4	375		375	493		493	868		868
5	1289		1289	1149		1149	2438		2438
6	1101		1101	3341		3341	4442		4442
7	2577		2577	7504		7504	10081		10081
8	3286		3286	10264		10264	13550		13550
8/9	3563		3563	3830		3830	7393		7393
9	2726		2726	3158		3158	5884		5884
10	1329		1329	886		886	2215		2215
10/10A	314		314	5103		5103	5417		5417
10A	2449		2449	12643		12643	15092		15092
11	5		509	52	1789	1841	57	2293	2350
12	4454	1277	5731	10527	3833	14360	14981	5110	20091
13	-	3958	3958	-	8304	8304	-	12262	12262
12/14	680	-	680	27156	-	27156	27836	-	27836
14	9932	-	9932	11933	-	11933	21865	-	21865
15	286	5350	5636	2843	15965	18808	3129	21315	24444
16	-	9372	9372	-	28250	28250	-	37622	37622
17	-	5959	5959	-	19800	19800	-	25759	25759
18	-	16468	16468	-	48720	48720	-	65188	65188
Total	34733	42888	77621	101141	126661	227802	135874	169549	305423

Source: ILO (1987) Pay and Collective Bargaining in the Public Sector in the Sudan. A draft Report of an ILO mission to the Sudan.

* Excluding uniformed non-military forces.

Table 3.6

Employment in Parastatals 1985/86.

Public Sector Category	Classified	Unclassified	Total
Public Authorities	20913	58315	79228
Public Corporations	22924	59985	82909
Public Companies	4405	7369	11774
Higher Education Inst.	5049	7889	12938
National Banks	5982	1934	7916
Total	59273	135492	194765

Source: Civil Service Department, Bank of Sudan, Higher Education Council, Accounts Department of Ministry of Finance and Planning.

Table 3.7

Growth in Numbers of Classified Staff in Central Government 1901-1985

Year	Number	Index			
1901	935	100			
1920	3960	424			
1930	5140	540			
1940	6076	650			
1953	9218	986	100		
1958	16803	1791	182		
1965	31283	3346	339	100	
1970	42405	4535	460	136	
1975	86418	9242	937	276	100
1980	55329	5918	600	177	64
1985	42855	4583	465	137	50

Source: Data provided by Civil Service Department, 1986.

Table 3.8

Budgeted Posts, Central and Regional Governments* 1975/76 - 1985/86

Year	Central			Local/Regional			Total			Percent Total Posts	
	Classi-fied	Unclassi-fied	Total	Classi-fied	Unclassi-fied	Total	Classi-fied	Unclassi-fied	Total	Central	Classi-fied
1975/76	86418	49282	135700	45194	75000	120194	131612	124282	255894	53.0	51.4
1976/77	99643	47058	146701	58933	78000	136933	158576	125058	283634	51.7	55.9
1977/78	82373	54516	136889	70500	85000	155500	152873	139516	292389	46.8	52.3
1978/79	56358	49795	106153	77788	91000	168788	134146	140795	274941	38.6	48.8
1979/80	52591	51147	103738	83300	90000	173300	135891	141147	277038	37.4	49.1
1980/81	55329	47781	103110	109792	109000	218792	165121	156781	321902	32.0	51.3
1981/82	56679	53074	109753	105000	116000	221000	161679	169074	330753	33.2	48.9
1982/83	57632	54760	112392	109000	121000	230000	166632	175760	342392	32.8	48.7
1983/84	56523	52286	108809	109200	119000	228400	165723	171486	337209	32.3	49.1
1984/85	43000	38000	81000	126000	123000	250200	169600	162400	332000	24.6	51.1
1985/86	42855	42888	85743	125950	126000	252611	168805	169549	338354	25.3	49.9

Source: Data provided by Civil Service Department.

* Figures before 1980 refer to local rather than regional government.

Table 3.9

Growth in Central Government Budgeted Posts and Chapter I in the Budget 1965/66 - 1985/86

Year	No. of posts[1]	Chapter I[2] (£s million)	Labour Unit Cost (£s)
1965/66	62566	27.3	436
1970/71	87090	42.0	482
1975/76	135700	55.6	410
1980/85	103110	107.5	1043
1085/86	85743	124.5	1452

Source: Civil Service Department

(1) Includes both classified and unclassified posts.

(2) Chapter I in the budget comprises annual provisions for wages and salaries for central government employees.

Table 3.10

Estimates of Labour Cost in Public Sector 1983/84 and 1985/86

	1983/84	1985/86
1. Number of Employees		
Central Government	108,809	85,743
Regional Government	228,400	252,611
Parastatals	168,226	194,765
2. Labourt Cost (£s)		
Central Government	119,400,000	124,500,000
Regional Government	NA	331,119,425
Parstatals	220,407,469	NA
3. Labour Unit Cost (£s)		
Central Government	1,097	1,452
Regional Government	NA	1,311
Parastatals	1,310	NA

Source: ILO (1987b) op cit p 6, and Civil Service Department.

Table 3.11

Estimate of Employment in the Formal Sector* 1985/86

Sector	Number	Percentage
1. Central Government	85734	13.8
2. Regional Governments	252611	40.5
3. Civil Service (1 + 2)	338354	54.3
4. Parastatals	194765	31.3
5. Total Public Sector (3 + 4)	533119	85.6
6. Private Sector	90000	14.4
7. Formal Sector (5 + 6)	623119	100.0

Source: Figures for the public sector are derived from Tables 3.6 and 3.8. For private sector see ILO (1987b) op cit p 95.

* It must be noted that these figures provide very crude estimates and figures available from other sources may vary considerably.

N O T E S

1. See W Walmalwa (1974).
2. See P Sicherl (1983, pp 36-38.
3. A Eckstin (1958).
4. See R Abdin et al (1983), pp 2-10.
5. L Jones and E Mason (1977).
6. See P Sicherl, op cit, pp 42-44.
7. ibid.
8. The nationalisation of foreign owned enterprises in Algeria in 1962, Somalia 1970, Sudan in 1970 and in Tanzania after Arusha declaration, are a few examples of the political motives behind apparent expansion in public sector activity.
9. See P Heller and A Tait (1984), pp 10-17.
10. See, for example, R Abdin, et al, op cit. It is also reported in Heller & Tait, op cit, the share of public sector employment in formal sector employment is 87 per cent in Benin, 81 per cent in Zambia, 80 per cent in Uganda and 74 per cent in Ghana.
11. See E Berg (1969), p 295.
12. See D Lindauer (1981)
13. Heller and Tait, op cit.
14. See A Wagner in Musgrave and Peacock (1958), pp 1-16.
15. World Bank (1987), op cit.
16. ILO (1987b).
17. See ILO (1987c).
18. Information obtained from the Civil Service Department.
19. See M O Beshir (1975), p 23.
20. ibid.
21. P Fallon (1987).
22. World Bank (1985).

23. Heller and Tait, op cit, pp 6-9.

24. See M Mustafa and Hamid (1986).

25. Heller and Tait, op cit, p 11.

26. See ILO (1987b).

C H A P T E R F O U R

A HISTORICAL PERSPECTIVE OF PAY DETERMINATION IN THE PUBLIC SECTOR 1900 - 1969

4.1. INTRODUCTION

The obvious starting-point for an examination of pay determination processes is the historical legacy of the pay fixing machinery and pay structures originating from the colonial era. It is our belief that this historical legacy is more than a mere starting point since it appears to have powerfully influenced subsequent responses to the problems of pay determination in the public sector in the Sudan.

The prime source of information about the historical development of pay structures and policies is the reports of the ad hoc commissions set up periodically to determine pay and other conditions of employment for government employees. Thus, this chapter largely aims to provide a functional analysis of these commissions to reveal the processes involved, the factors that had been taken into consideration and the resultant remuneration system in the public sector. It needs to be noted, however, that the terms 'civil service' and 'public sector' will be used interchangeably in this chapter unless it is very essential to differentiate between them. This is due to the fact that the non-civil service government sector was very small during the period.

4.2. THE PRE-1948 PERIOD

The Sudan's civil service dates back to the early years of this century, specifically to the Condominium Agreement (1899) between Britain and Egypt which established British rule over the country with a nominal recognition of the 'historical' claims of Egypt. The service was basically manned by the British, particularly the top posts, while a few Egyptians, Syrians and Lebanese were employed to do clerical and interpretation work. A local administrative system presided over by tribal chiefs was set up to deal with local affairs and collect taxes and rates.

In 1901, there were only 931 classified staff in the entire public sector in the country; this increased by 1920 to 1459 of which 36 per cent were Sudanese. At that time, the native employees had their wages and salaries fixed on an individual basis. When Egypt declared its independence from British rule in 1922, and in a show of goodwill towards its neighbour, Egyptians in the Sudan were evacuated creating many vacancies in the civil service particularly in the lower and middle-level posts. The Sudanese had to be recruited to fill the gap at relatively attractive salaries which would gain their support and induce them to accept the new political situation in which the British became the sole rulers of the country. As a result, pay scales had been revised and a general schedule covering Sudanese as well as expatriates was created. The grading and pay scales which emerged are shown in Table 4.1. According to this schedule, new British recruits used to join the service at grade 4 or 5. The Sudanese with a secondary school certificate would start at grade 7, while primary school leavers were recruited in at the lowest grade. As grade 4 and above were restricted to the British, the highest grade a Sudanese could

reach was grade 5. Thus, no wonder the ratio of top-bottom differential was almost 47:1.

The great depression of 1929/30 imposed considerable hardship on the Sudanese economy. Among measures taken to deal with the effects of depression, the government reduced the salaries of Sudanese staff by 20 per cent without a corresponding cut in salaries of the British. These measures were resisted by the Sudanese and aggravated the suspicion which had already been building up between the government and the educated class.(1) To avoid a possible confrontation, the government appointed a committee in February 1934 to enquire into the 'standard' of remuneration and conditions of employment in the civil service. The committee recommended a new pay structure with three divisions and 12 grades as shown in Table 4.2. The Sudanese were allocated to the second and third divisions while the first division was reserved for the British. Although there was some improvement in the pay rates for the Sudanese, still the highest salary which a Sudanese could achieve was much less than the lowest salary of a Britisher. Such practices at a time when there was a growing tide of nationalism, rising cost of living due to the war, and an expanding industrial employment, made the Sudanese workers more aware of the pressing need for an organised labour movement to protect their interests. As most industrial employment was concentrated in the Sudan Railways in Atbra, the first trade union in the country was set up by railway workers. After a 12-day strike, the first of its kind in the history of the country, the Workers Affairs Association (WAA) was recognised by the government as a bona fide trade union in July 1947. Having gained recognition, WAA consolidated its efforts to achieve economic gains for its members. In November 1947 WAA submitted to the government a list of demands including, inter alia, reducation of working hours,

payment of overtime and a general increase in pay scales ranging from 25 per cent to 40 per cent. A committee of enquiry, which was considered to be 'the first serious attempt to remould the wage structure for the country as a whole', was set up in December 1947.(2)

4.3. THE INDEPENDENT COMMITTEE OF ENQUIRY, 1948

In its report - submitted to the government in March 1948 - the Independent Committee of Enquiry accepted in principle that wages of the lowest paid categories should provide a reasonable level of 'subsistence'. Accordingly, it recommended that this group should receive, allowing for 100 per cent cost of living allowance, a basic minimum of £s2.10 a month, rising by biennial increments to £s2.55. On the other hand, it took the view that raising wages for the lowest-paid was not in itself a reason for raising those of more skilled workers. The Committee asserted that:

> "The WAA's arguments in favour of a general increase of living must continue a preconceived standard of living to be the reverse."(3) maintained at various levels, was based on a misconception .... In the Sudan, as elsewhere, the standard of living must continue to derive from earnings and not the reverse."(3)

Evidence given to the Committee on wage ratios showed that skilled labour in Sudan Railways was earning up to six times as much as the unskilled and the earnings of clerks ranged from three to five times those of the skilled. Thus, the Committee noted that:

> "While the scarcity of artisans inevitably raises the price of their labour a ratio of 6:1 may still be regarded as disproportionate, particularly up to 1948 when the labourers did not get a living wage .... In Europe the pay ratio of the artisan to the labourer is approximately 1.25:1 or 1.33:1 .... this is not to suggest that Western European standards of wage structure can be applied in this country. But as far as this Committee is aware, it is unusual anywhere for an artisan to be paid up to six times as much as the labourer and still more unusual to find it possible for a clerk to attain a salary even five

> times the wage of an artisan or up to twenty times the basic wage of the labourer."(4)

The Committee while unanimously recommeding a 'subsistence' minimum wage, members disagreed on other matters, and two sets of recommendations regarding pay scales were produced. The majority recommended increasing both minimum and maximum rates and thus, establishing pay scales with a wide range of each grade. The minority proposed a general increase in the minimum rates, a restricted increase in the maxima and the introduction of new grades for leading artisans and other persons with special qualifications as a step towards a system of 'the rate for the job' which the government hoped eventually to establish. Faced by a majority and a minority report, the government decided to adopt the unanimous recommendations for improved rates for labourers and the minority recommendations on the pay of skilled workers and others. The resultant scales are shown in Table 4.3. Accordingly the ratio of skilled/unskilled wage differential had been reduced to 3:1 basically because of the adoption of those recommendations which did not raise the maxima for skilled and semi-skilled labourers.

Although the recommendations of the Independent Committee of Enquiry (1948) were meant to be applied to Sudan Railways Workers, it has been reported that other government units increasingly adopted these scales and adjusted their workers' wages accordingly.(5) Fawzi (1957) stated that:

> "The attempts of government departments to introduce scales tailored for the standards of railway workers means they had chosen the easier way of ignoring internal standards and fitting their categories into a number of conveniently long scales, at the same time ignoring all efficiency bars".(6)

Consequently, the system which emerged was described by Fawzi (1957) as grossly irrational.(7) It was not tied to standards which were

sufficiently known or co-ordinated and a confusion of category names reigned in the various government units, leading to a considerable amount of irregularities and anomalies. Overall, more than 100 pay schedules existed in different government departments, and each schedule had generally two classes of which the upper was usually reserved for expatriates, mainly British. The system, nevertheless, continued until 1951.

4.4. THE WAKEFIELD COMMISSION 1950/51

The Wakefield Commission was one of the two commissions set up in December 1950 to revise pay structures in the civil service. It was asked to review wages of labourers or 'unclassified' in the public sector while the Mills Commission was responsible for designing new salary scales for officials or 'classified' staff.

These commissions had been brought forth largely to restore industrial peace. Sudan Workers Trade Union Federation (SWTUF) which was formed by public sector unions in 1949, staged a number of strikes during 1949-51 to back its demands for better conditions and higher wages. Fawzi (1957) estimated the number of man-days lost through strikes related to pay issues to be nearly half a million days in 1949/50.

Unlike its predecessor the Independent Committee of Enquiry, the Wakefield Commission, was entrusted with the difficult but then urgent task of revising the wage structure for all public sector labourers. After nearly a year of deliberations, the Commission reported to the government in September 1951. The proposed structure was based on the 'grouping system' and established seven groups allegedly covering the variations in skill and responsibility in all jobs from the general

labourer (Group I) to those of the skilled worker (Group III).[8] The Commission then determined a minumum and a maximum wage rate for each group, and a system of annual increments, supposedly commensurate with increased responsibility and experience, was adopted (Table 4.4).

In determining the rate for the lowest paid labourer, the Commission used as a yardstick the basic requirements of a man, his wife and two children at a conventional level of subsistence based on a Household Budget Survey conducted in Khartoum in 1951. Allowing for a differential ratio of about 1:2 between the average unskilled labourer and the average skilled artisan, the rest of pay scales were fixed. Relative to 1948 scales, the pay increases amounted to almost 100 per cent for all categories of skills. The Commission claimed that this was an attempt to equate the long term demand for labour with supply.

Moreover, the basic wage was supplemented by a Cost of Living Allowance (COLA) payable on a diminishing scale ranging from 100 per cent for Group I to 51 per cent for Group VII, and periodically adjustable to match fluctuations in market prices.

A major problem faced the Commission when it considered the possibility of applying the proposed pay structure to government workers throughout the country. The Commission argued that:

> "It would be a positive disservice to the less-developed regions to ignore economic differences and pay the same real wage in all parts of the country .... if real wages were fixed too high in relation to productivity, commercial concerns would be detered from starting new enterprises and investing capital in the region, thus delaying its economic development. If they were already established there, they would economise in labour and unemployment would result".[9]

Another reason was given in terms of backward-bending labour supply curve theory. The Commission, thus, claimed that:

> "If high wages were introduced in low productivity regions, workers would spend more of their wages on less essential goods or on supporting more dependants, or otherwise once

> their basic requirements had been satisfied, they would work less time".(10)

Therefore, it was considered appropriate to provide separate wage rates for the low productivity, low cost-of-living regions. However, the case for such regional differentials was not free from practical complications. In theory at least, government employees are transferrable to any part of the country, and could not reasonlably be expected to accept lower pay in some regions. Thus, applying low wage rates in certain areas would certainly hinder the mobility of labour particularly skilled manpower who were in short supply. The solution sought by the Commission established that skilled workers should receive the same wage rate wherever they were but for the unskilled, wage rates should be fixed to reflect differences in regional productivity and cost of living. Sudan Workers Trade Unions Federation (SWTUF), was critical of this concept of regional differentials because it contradicted the 'equal pay for equal work' principle which it was actively trying to establish. The Federation also complained about other issues. It attacked the Household Budget Survey, according to which the minimum rate was fixed, on the grounds that it did not include many essential requirements. Moreover, it argued that the majority of workers were allocated in Group I and II and opportunities for promotion were limited. Nevertheless, in general, SWTUF regarded the recommendations of the Wakefield Commission as a victory in its struggle against the colonial rule for better conditions for Sudanese workers.(11)

4.5. THE MILLS COMMISSION 1951

The Mills Commission was set up and reported at the same time as the Wakefield Commission to revise the pay structure for government 'classified' employees. The Commission was intended to make the neces-

sary changes in the pattern of remuneration to prepare the Sudanese civil service for the transition and eventually independence era. The Commission claimed that there was an overriding need to dismantle racial segregation of jobs and reduce the degree of income inequality within the civil service. Thus, its terms of reference were largely reflecting such objectives. They included, inter alia, examination of the relationship between Sudanese and expatriates' term of employment, determination of general principles and criteria for pay and promotion, and introduction of a simplified grading system.

In its report, the Mills Commission (1951) stated that separate arrangement of pay for expatriates was dictated by the lack of qualified native staff. But, as rapid Sudanisation was envisaged, it was essential to propose a unified structure. A special allowance was, however, recommended for expatriates presumably to facilitate the replacement of foreign staff without any fundamental changes in pay structure.(12)

The recommended structure contained three main classes of 'classified' jobs in the civil service: (a) an adminsitrative/professional class; (b) a sub-professional/technical class; and (c) a clerical class. To each of these classes was attached a salary scale divided into a number of strata to be passed through on promotion as the incumbent gains experience and competence to hold high posts. Grades and pay scales laid down by the Mills Commission (1951) are shown in Table 4.5. Altogether, the proposed structure contained 19 groups, 10 in the administrative class, 4 in the technical and 5 in the clerical class. Pay for adminsitrative/professional groups was fixed on a flat-rate basis while for technical and clerical groups it was a scale extended by up to 60 per cent between the minima and maxima. The resulting differential ratio between the highest and lowest classified group was about

17:1 which represented a substantial reduction relative to the corresponding ratio of 28:1 in 1935.

The movement in the cost of living index was a major criterion in determining the proposed pay rates. The Commission found that there had been a reduction of 7 percentage points in the index during 1948-1951. Consequently, it recommeded that the cost of living allowance, which used to be paid separately since 1946, should be consolidated in the basic rate. However, it made a provision for its re-establishment if the cost of living had to increase by 10 per cent or more in a new index with the base year 1950 = 100. In setting up the procedure for the payment of the new COLA, the Commission argued that:

> "The only practical course in determining the salaries of the classified staff involves as a fundamental principle that the individual must suffer the greater sacrifice as their means, measured by income, are larger".(13)

Accordingly, it recommended a COLA system of a decreasing scale ranging from 100 per cent for thosepaid less than £s100 per annum to 20 per cent for those paid £s450 or more. This was regarded as an essential measure to reduce the wide inequalities in civil service pay structures.

While no explicit reference was made in the Commission's Report to indicate generally the principles it followed in determining the relative pay of different occupational groups, it was evident that the proposed system was closely linked to educational attainment. The three entry ports into the service (Scale K, J and Q) were conditioned by the possession of relevant qualifications from intermediate school, secondary school and university, respectively. Mohammed-Taha (1979) argued that such emphasis on education was inevitable in view of the limited supply of highly educated manpower within the country.(14) However, it could be argued as well, that in the absence of a salaries yardstick which could have effectively operationalised other principles,

such as comparability, adherence to educational attainment was to resort to an easily applicable guideline. For example, due to lack of any sort of competition from the private sector at that stage of the development in the Sudan, it was often very hard to determine what a candidate for the public service would have been paid for offering his services elsewhere.

The Mills Commission, also, showed a great concern for the need to maintain a high level of morale within the civil service. It stated in its report that:

> "Not only do new recruits have to be educationally acceptable, but once they are members of the service they cannot be expected to perform their duties to the best of their ability unless they remain contented with their lot which mainly depends on how well they are remunerated".(15)

Nevertheless, the report of the M ills Commission included about 70 recommendations covering a wide range of civil service pay and employment issues. The Commission believed that the implementation of these recommendations would bring stability and efficiency into the civil service. Probably, the Commission was right in it claim as the next major pay reform initiative was not taken until 1965, ie, after nine years of political independence. But, it could also be argued that this was a reflection of the unions' apparent inability to exert enough pressure on the government to make concessions. This failure was atributed to the fact that:

> "The political developments in the country during this period seriously hampered the efforts of the labour movement in achieving demands for higher wages, a minimum wage law and equal pay for equal work".(16)

Hostility and antagonism were salient features of union-government relationship at that time. Getting into the ideological struggle in the country, the SWTUF allied itself firmly, from the start, with the Sudanese Communist Party (SCP) against the traditional parties (Umma

and Democratic Unionists) which drew their support from the two dominant religious sects (Ansar and Khatmiyya, respectively), as well as against the Abboud Military Regime (1958-64). Thus, not unexpectedly, the national governments in the immediate post-independence era, frequently attempted to weaken SWTUF by creating rival federations, or curtailing its power by means of legislation. In consequence, SWTUF devoted much of its effort in the struggle for its own survival. This it did by getting more involved in the political struggle and working with other opposition elements to shake the existing regimes.(17) The implication of this hostility was that unions became in a relatively weak position to force the government to meet their demands for better pay and conditions.

It was not until 1964 that the unions became a powerful and a significant factor in the industrial and political scene. Following the October Revolution, trade unions grew in number and membership as favourable industrial relations legislation was enacted. Consequently, they were able to put enough pressure on the government to form two Commissions in 1965 to revise the 1951 wage and salary structure. The recommendations of these two Commissions and their implementation are considered below.

4.6. THE 'UNCLASSIFIED' WORKERS WAGES AND TERMS OF EMPLOYMENT COMMISSION, 1965/1968

The Commission (henceforth referred to as 'Unclassified' Workers Commission or UWC) was appointed to look into the wage structure and other terms of employment of the 'unclassified' workers in the public sector. A letter from the Minister of Finance (dated 31.8.1965) to the Commission specified its terms of reference which included: examination of existing salary scales, grades, posts, promotion procedures,

post-service benefits and the recommendation of required modifications and adjustments.(18)

UWC presented its report to the government in May 1968 ie after nearly three years from its formation. Apparently, no drastic change was made in the basic structure laid down by the Wakefield Commission in 1951. UWC adopted the same grading classification but added an extra grade (Group VIII). It stated that:

> "The reason for increasing the number of 'groups' from 7 to 8 is that existing groups are not sufficient to accommodate a wide range of new jobs introduced into the public service since the 1950s".(19)

The Commission, also, maintained the principle of formulating the entire pay structure on the basis of a minumum wage determined according to the basic needs of an 'average' family. However, it enlarged the size of the family by increasing the number of children to be included from two to three. It argued that the size of the 'average' family determined by Wakefield Commission (five members) was 'unrealistic' and incompatible with social and cultural considerations.(20) The UWC's report stated a number of other principles which had guided the Commission in its work. These included:(21) (a) the level of wages in the public sector should be based on the ability of the treasury to pay which, in turn, is determined by the level of production and investment components of the national income. The national income should be distributed justly among the population so as to guarantee a suitable subsistence income for each individual. Thus if a family of five is taken for the purposes of fixing the subsistence requirements the minimum wage should not be much less than five times the share of one person in the national income; (b) the rate for different jobs should be fixed through an objective evaulation of jobs and that the 'point system' job evaluation should be used; and (c) equal pay

rates must be paid for the same job or work with equal value irrespective of sex or region.

Presumably guided by these principles and on the basis of (i) enquiries in different government departments, (ii) a sample survey of household income and expenditure conducted in seven towns and cities; and (iii) the national income statistics, the Commission provided a number of recommendations. Regarding pay scales it proposed that the minimum wage should be fixed at £s12.5 per month and the rates for higher groups should be determined by maintaining a 20 per cent differential between adjacent groups. Moreover, it recommended that existing rates should be assimilated in the new structure after first granting a wage increase of 15 per cent for the lower four groups and 5 per cent for the remaining three. Each worker is then to be placed one step ahead of the range he is entitled to within the suitable group in the new wage structure. A scale had been assigned to each group in which wages were allowed to rise on an incremental by 50 per cent over 10 years. Table 4.6 shows the proposed pay scales.

The Commission discontinued the regional wage differential system which had been operating since the Wakefield Commission (1951). It argued that the system contradicted the 'equal pay for equal work' principle and had been encouraging rural-urban migration. It also recommended that equal rate should be paid to men and women and differentiation should only be made on the basis of performance and efficiency. However, differentiation was allowed on the basis of age, and equal pay provision was not applicable to those under 18 years of age.

Other recommendations covered issues such as the rate for overtime payment, annual leave, retirement age, post-service benefits, and training. Eventually, the government accepted recommendations of the Commission in full and in the implementation stage it raised the minimum wage

£s13.9 a month and adjusted the rates for higher grades accordingly as shown in Table 4.7.

4.7. THE 'CLASSIFIED' STAFF TERMS OF SERVICE COMMISSION 1965/68

The 'Classified' Staff Terms of Service Commission (hereafter referred to as Classified Staff Commission or CSC) was set up and reported concurrently with UWC (1965-1968). It was asked, among other related issues, to consider the principles that should govern pay and terms of service in the public sector and to examine and revise the pay rates and grading structure for 'classified' staff.(22)

CSC began its report by referring to a number of principles and guidelines that had been taken into account in formulating specific recommendations. It mentioned the criterion of 'recruitment and retention' but suggested that it must be considered along with other principles. In this respect the Commission argued that:

> "It has been understood in the past that the employer should pay only what is necessary to recruit and retain an efficient staff without the need for search for other principles. The criterion of 'recruitment and retention' may be sound but not sufficient".(23)

For the Commission, 'fairness of pay' was equally important. It contended that:

> "The State should remunerate its employees fairly ... retainment of an efficient staff in the service does not stand as a proof of fairness of pay. The employees may remain in the service for considerations other than the financial - such as prestige or family reasons".(24)

In determining a 'fair pay', the Commission asserted that it would be necessary to get a balance between the interests of the community, the government and the individual civil servant:

> "The community must feel that it is getting an efficient service without having to pay any excessive price, government departments must have sufficient suitably qualified staff and the civil servants themselves must feel

that they are fairly remunerated".(25)

The fairness of pay normally demands that the pay of a majority of public employees should be determined as a result of comparisons drawn between their pay and the pay of a group of employees in the private sector engaged on roughly comparable work. In the Sudan, the Commission maintained that:

> "... 'fair comparison' is difficult to apply because it is not possible to find a large number of employees inside and outside the civil service doing comparable work".(26)

Instead, it advocated the use of 'internal comparison', but emphasised that it should be based on a carefully conducted job analysis and classification. In this connection, it maintained that 'equal rate should be paid for equal work' irrespective of sex or region:

> "It is wrong, as a matter of principle, and undesirable in practice to ask two public service employees to perform identical work for different salaries".(27)

Moreover, the Com mission argued that in determining the pay rates 'living costs' must be taken into account:

> "The government should pay rates that enable its employees a reasonlable level of subsistence. Any other consideration that does not serve this purpose should be ignored".(28)

The Commission conducted a sample survey in Greater Khartoum to determine the living costs of government officials.(29) Deflating the salaries on the basis of the findings, it had come to the conclusion that all government 'classified' employees suffered a substantial decline in their real incomes as compared to 1951 levels. This was found to be acute in the case of senior grades due to the combined effect of piecemeal basic rate increases (in 1961 and 1965) and the prevailing COLA system which benefited the senior groups relatively less in percentage terms. For example, the gross pay of scale K (the lowest in the classified grading structure) had been increased by 83 per cent compared to a moderate 6 per cent increase for Group I (the top grade)

during 1951-1968. In consequence, the Commission called for a relatively high rate of increase in senior staff's pay, and as evident in Table 4.8 proposed increases amounting to 21-37 per cent for super-scale groups and 10 per cent for remaining classified groups.(30) Discontinuing the concept of diminishing compensation (ie increasing pay by proportionately declining rate the higher the grade) which had been applied since 1951, the Commission argued that:

> "The current differentials are so tight that it is not possible (or desirable) to recommend a pay increase on a diminishing scale".(31)

Furthermore, it recommended a new Cost of Living index to be established as early as possible on the basis of a more 'comprehensive' family budget survey that should cover both 'classified' and 'unclassified' employees. However, this was not followed in the Commission's report, as might be expected, by any specific recommendation about the payment of COLA. Probably, the Commission endorsed the existing provisions and felt no need for modification until the introduction of the new Cost of Living index. It also maintained the grading structure set by the Mills Commission (1951). Coupled with what has been said about the recommendations of UWC in the previous section, this leaves one with the suspicion that the two 1968 Commissions opted primarily for pay increases rather than making significant changes in the basic principles and structures that govern public sector employment and pay.

4.8. THE EMERGENCE OF THE 'CADRE' SYSTEM

The aftermath of 1968 pay revision bodies confirms our contention that their recommendations fell short of bringing about the required structural changes. The structures apparently maintained by the Commissions largely reflected the British conception and objectives to

guarantee the perpetuation of the system of bureaucratic control, which stemmed from their faith in the appropriateness of the colonial civil service as the ideal blue-print for the development of the independent Sudan. The inherited pay and grading structures appeared to have been working well while the numbers and variety of posts remained small. But as the state started to assume a more active role in the development of the country, and development programmes were initiated (The Ten-Year Plan 1960/61 - 1970/71, for example), it was inevitable to introduce new kinds of jobs into public service. It was difficult to accommodate these new occupations into the existing job classification system. Consequently, sub-groups, segments and new pay scales had been created resulting in a complex of groupings and pay scales in which it was hard to discern a coherent pattern. As efforts to get more system into the situation were largely defeated, the government adhered to the creation of the so-called 'special cadres', basically in response to pressure from trade unions and professional organisations which were asking for improvements in their terms of employment. The 'cadre' was a framework (and this probably occasioned the use of the word) for special terms of pay and service for a particular occupational category. The pay scales, grading system and promotion provisions in these 'cadres' were not constrained by the formal provisions in the existing civil service structure. Thus, for some occupational groups a latitude was created in which it was possible to have not only better pay but greater career prospects.

The process started with the teachers' 'cadre' in February 1969. Other employees were apparently attracted by this concept and began to press for their own 'cadres' usually as pretexts for pay and conditions improvement. Eventually there were 'cadres' for engineers, accountants, medical doctors, clerks, etc. It is not possible to esta-

blish precisely their numbers, but one source suggested that by 1974/75 there were more than twenty major 'cadres' created among public sector employees.(32)

The impact of the 'cadre' system on the public sector pay structures was not difficult to reckon. Designing special terms for some influential groups meant that these structures had increasingly become complex and distorted. Its implication for the general system of pay determination was that relinquishment to political pressures undermined equity and efficiency objectives that might be achieved had pay of different groups been determined according to economic considerations.

4.9. CONCLUSION

Some important points could be inferred from this Chapter's analysis. The establishment of ad hoc commissions to review salary scales, gradings, and other terms of service was first introduced by the colonial government and continued to be the chief method of pay fixation in the post-independence era. This would seem to suggest either a continuing belief in their efficacy, or else this method has become 'inevitable' for reasons that largely related to non-economic factors. Whatever the case, its persistence over time may indicate the influence of historical legacy.

This historical legacy appears to extend beyond pay fixing machinery to the outcome of the commissions in terms of recommended salary scales. In broad terms, pay structures remained highly dispersed even after two decades of the Sudanisation. For example, in 1968 the top-bottom differential was almost 18:1.(33) While it would be wrong to discount totally the possibility of economic factors playing some role, particularly in the immediate post-independence period

when there was obviously a shortage of highly qualified indigenous manpower, the essential characteristics of the pay structures in operation were largely evolved in accordance with what had been inherited from the colonial period. Partly this was due to the influence of a bureaucratic elite. The development of a powerful bureaucratic class in the post-independence period has been widely recognised in Africa (and the Sudan is no exception) to the extent of being described as the 'new ruling class'.(34) It has been argued that the power of this class to influence its own reward, basically through its control over the mechanism of decision-making processes, was a major reason for pay principles and structures to remain largely intact after independence. The relatively large pay increase awarded to super-scale groups in 1968, and the continuing practice of forming separate commissions for classified and unclassified staff, possibly reflected the exercise of power by the elite group to preserve its inherited privileged position vis-a-vis other groups.

Thus, analysis in this chapter has shown the nature of the inherited pay structures and policies up to 1969. In the next chapter the major developments that occurred during 1970-1986, as well as the current pay levels and elements of remuneration, will be detailed.

Table 4.1

Civil Service: Grading and Pay Scales (£s per annum), 1922

Grade	Pay Scale Minimum	Maximum
Super Scale Grade	2250	2500
I	1200	1500
II	852	1080
III	480	852
IV	432	720
V	252	540
VI	168	396
VII	96	276
VIII	60	168
Special Primary Grade	48	60

Source: Civil Service Department.

Table 4.2

Civil Service: Grades and Pay Scales (£s per annum), 1935

Grade	Pay Scale Minimum	Maximum
First Division		
A	2250	2800
B	1200	1800
C	852	1200
D	480	1200
E	480	936
Second Division		
E_1	432	780
E_2	352	600
F	260	500
G	204	432
H	144	200
J	78	204
Third Division		
K	36	120

Source: Civil Service Department.

Table 4.3

Civil Service: Labourers' Pay Scales (£s a month), 1948

Grade	Flat-rate Wage
1. Leading Artisans	11.50
2. Skilled Labourer	9.60
3. Skilled Labourer	7.10
4. Semi-skilled Labourer	4.80
5. Semi-skilled Labourer	3.80
6. Unskilled Labourer	3.50
7. Unskilled Labourer	3.00

Source: Government of Sudan: The Report of Independent Committee of Enquiry.

Table 4.4

Groups, Job Description and Basic Wage Rates (£s per month) for Government Labourers, 1951

Grade	Job Description	Wage Rate Min	Max
I	General unskilled labourers	5.8	7.8
II	Semi-skilled under constant supervision	6.6	9.3
III	Semi-skilled with some specialised training or experience and supervisors of workers in Groups I & II	8.3	12.3
IV	Technical or skilled labourers who could perform tasks requiring specialised training without supervision	10.5	16.5
V	Fully competent tradesmen normally trained in a recognised technical school served a recognised apprenticeship, received experience and can carry out any task allotted to them within their trade	14.5	23.5
VI	As Group V but who can perform work of a precise and creative nature	23.5	29.5
VII	As Group VI but in addition to skill of his trade, able to direct, control, supervise and organise	23.5	37.5

Source: Government of Sudan: The Unclassified Wages (Wakefield) Commission Report, 1951.

Table 4.5

Civil Service: Groups and Pay Scales (£s per month) for 'Classified' Staff, 1951

Class and Group	Salary Rate	Remarks
1. Adminsitrative/Professional		Posts held by under-secretaries, heads and assistant heads of department in accordance with scope and functions of departments concerned.
a) Super-Scale Posts		
Group I	150.0	
Group II	141.7	
Group III	133.3	
Group IV	129.0	
Group V	125.0	
Group VI	116.6	
Group VII	112.5	
b) Scalar Posts		University graduates and employees from lower posts with long experience.
B	87.5-98.7	
DS	53.7-83.7	
Q	29.0-50.0	
2. Sub-Professional/Technical		For example:
F	55.0-67.5	- Head Accountants
G	35.8-52.5	- Accountants
H	27.0-37.5	- Senior Book-Keepers
J	15.0-25.0	- Book-Keepers
3. Clerical		
F	56.6-67.5	- Head Staff Clerks
G	40.0-56.0	- Staff Clerks
H	26.6-35.0	- Senior Clerks
J	15.0-25.0	- Secondary School Leavers
K	9.0-14.0	- Intermediate School Leavers

Source: Government of Sudan: Report Classified Staff Terms of Employment (Mills) Commission, Khartoum, 1951, p 72.

Table 4.6

Wage Scales for Government Unclassified Workers (£s per month), 1968

Group	Wage Scale Incremental Steps									
	1	2	3	4	5	6	7	8	9	10
VIII	45.0	47.5	50.0	52.5	55.0	57.5	60.0	62.5	65.0	67.5
VII	37.5	39.6	41.7	43.8	45.9	48.0	50.1	52.2	54.3	56.4
VI	31.4	33.1	34.8	36.5	38.2	39.9	41.6	43.3	45.0	46.7
V	26.0	27.5	28.9	30.4	31.8	33.3	34.7	36.2	37.6	39.1
IV	12.6	22.8	24.0	25.2	26.4	27.6	28.8	30.0	31.2	32.4
III	18.0	19.0	20.0	21.0	22.0	23.0	24.0	25.0	26.0	27.0
II	15.0	15.6	16.7	17.6	18.4	19.3	20.1	20.9	21.8	22.7
I	12.5	13.2	13.9	14.6	15.3	16.0	16.7	17.4	18.1	18.8

Source: Government of Sudan: Report of UWC, op cit p 127.

Table 4.7

Wage Rates for Unclassified Workers (£s per month), 1968*

Group	Wage Rate	
	Min	Max
VII	45.9	64.8
VI	39.9	55.2
V	33.3	46.3
IV	24.0	34.8
III	20.0	30.0
II	16.7	24.4
I	13.9	20.2

Source: Mohammed-Taha op cit

* Figures after being adjusted by the government in implementing UWC recommendations.

Table 4.8

Classified Staff Pay Rates (£s per annum) in the Civil Service according to CSC Proposals, 1968

Group	Existing* Rate	Proposed Rate	Percentage Increase
Super-Scale			
I	1900	2600	36.8
II	1800	2400	33.3
III	1700	2250	32.4
IV	1650	2100	27.3
V	1600	1950	21.9
VI	1500	1850	23.3
VII	1450	1750	20.7
Professional/Adminstrative			
Top	1475	1622	10.0
Bottom	532	585	10.0
Technical			
Top	1430	1573	10.0
Bottom	214	235	10.0
Clerical			
Top	840	924	10.0
Bottom	198	218	10.0

Source: Report of Classified Staff Terms of Service Commission, 1968.

* Existing rates for groups other than the super-scale include basic rate plus the Cost of Living allowance.

N O T E S

1. The political atmosphere was very tense after the government executed a number of nationalists involved in the 1924 movement.

2. See S Fawzi (1957), pp 61-78.

3. Government of Sudan: The Report of the Independent Committee of Enquiry, 1948, p 82.

4. ibid.

5. Fawzi, op cit, p 133.

6. ibid.

7. ibid.

8. See Government of Sudan: The Report of the Unclassified Wages (Wakefield) Commission, pp 26 - 27.

9. ibid.

10. ibid.

11. Fawzi, op cit.

12. The colonial authorities were at pains to point out that this additional income received by expatriates had nothing to do with any racial or political considerations, but was an economic necessity. Despite frequent demands by SWTUF for the abolition of expatriate allowance, it was retained until Independence in 1956.

13. Government of Sudan: The Report of Classified Staff Terms of Service (Mills) Commission, 1951, p 34.

14. Mohammed-Taha (1979), P 48.

15. The Report of Mills Commission, op cit, p 48.

16. Ali Taha (1970), p 205.

17. Mohammed-Taha, op cit, p 115.

18. Government of Sudan: The Report of Workers' Wages and Terms of Employment Commission, op cit, p 68.

19. ibid.

20. Dependents in a Sudanese family include parents (of the husband or the wife) and migrant relatives. Moreover, the family with two children is regarded an exception than a rule. In its survey UWC found that the average family in the survey had 6 - 10 members.

21. Government of Sudan: Report of UWC, op cit, pp 36 - 54.

22. Government of Sudan: The Report of the Classified Staff Terms of Service Commission, pp 1 - 5.

23. ibid.

24. ibid.

25. ibid.

26. ibid.

27. ibid.

28. ibid.

29. The survey was carried out in March 1966 and restricted to classified staff in the ministries of education, agriculture, local government, public works and the post office department.

30. In implementing the Commission's recommendations, the government raised the rate of increase from 10 per cent to 15 per cent.

31. Report of CSC, op cit, p 16.

32. See Mohammed-Taha, op cit.

33. Comparable figures in Egypt were 14:1, Morocco 9:1, Tanzania 12:1, and Nigeria 17:1.

34. See Abdin et al, op cit, p 71.

C H A P T E R F I V E

PAY LEVELS AND TRENDS IN THE CIVIL SERVICE 1970 - 1986

5.1. INTRODUCTION

In May 1969, the second military take-over since the independence brought General Numeiri into office.(1) At the beginning, the 'May Regime' attracted the support of the labour movement (which was dominated by the Communists) because it raised revolutionary and socialist slogans.(2) During the early period of the Regime it asked workers to:

> "... freeze any immediate economic demands and increase productivity so as to enable the 'Revolution' to pull through the inherited economic problems".(3)

However, this close alliance between the Regime and the SWTUF/SCP came to a tragic end when the Communist elements in the army staged the abortive coup d'état of July 1971.(4) As a direct consequence of these events, a single party system had been constitued. The Sudanese Socialist Union (SSU) comprised five 'working forces': workers; peasants; intellectuals; national capitalists; and the regular forces. This was, in fact, a deliberate attempt to integrate the labour movement into the mainstream of the ruling party to enable the government to exercise more control over trade unions and curb their growing political and industrial power. However, as events eventually proved, for a labour movement which had been accustomed to a great deal of political independence and militancy, it was difficult to accept this subordinate role to a political

party and the limitation of their activities within the framework of the SSU.

This brief political background is important to understand the developments in pay determination in the 1970s and 1980s. The first part of this chapter considers some of the changes made either through political decisions or through pay review bodies. The latter part provides an analysis of existing grading and pay scales, elements of the pay package, and salary trends 1970-1986.

5.2. THE PAY INCREASE IN 1974

Due to emerging bottlenecks and shortages in commodity supply coupled with problems inflicted upon the Sudanese economy following the 1973 international oil crisis, domestic inflation began to rise. It has been reported that the Cost of Living index for lower salaried employees rose by 67.4 per cent and that of the higher salaried by 57.3 per cent between 1970 and 1974.

Following the Trade Unions' General Conference, held under the auspices of SSU in November 1973, the SWTUF sent a list of demands to the SSU Chairman who was the President of the Republic himself. The demands included a general increase in wages and salaries as well as proposals for methods to control prices and to curb black marketing which was blamed as the main cause for rising prices. Disputing the accuracy of official Cost of Living index statistics, SWTUF provided its own calculation of the cost of a subsistence living standard for a family of five in Khartoum. It estimated that £s52.4 a month would be the 'reasonable' minimum income for such a family to live a 'barely' decent life. Apparently, this figure was almost three-and-a-half times the minimum wage prevailing in the public sector at that time. Reali-

sing the fact that it was 'unrealistic' to ask for an increase of such magnitude, SWTUF did not specify how much increase it wanted for the minimum wage.

In a clear departure from the established method of forming an ad hoc pay review commission, addressing the Opening Session of the National People's Council in May 1974, the President declared that:

> "Having read the recommendations of the SWTUF and the studies carried out by the Ministry of Public Service and administrative Reform, and having followed the discussions and the responsible dialogue between the leadership of the SSU and the executive committee of SWTUF, it gives me pleasure to declare the following decisions ...".(5)

These decisions included:

(i) An increase in the Cost of Living Allowance for all employees of the Central, Local and the Regional (Southern) governments by a) 17 per cent of basic pay for the lower-paid grades (workers in Group I to Group IV and officials paid less than £s560 annual basic salary); b) 12 per cent of basic salary for the higher-paid grades of both workers and officials exclusive of super-scale class.

(ii) As for other public sector establishments in which pay was not divided into basic and COLA (for example University of Khartoum) the increase was a) 15 per cent for the lower grades; and b) 12 per cent for the upper grades.

The increase in the super-scale class, which was announced later, was apparently higher than the above rates, particularly at the top level. It ranged from 22 per cent for Group I (an Under-Secretary) to about 13 per cent for Group III (an Inspector). This was justified on the grounds that the compression of salary differentials which occurred throughout the 1950s and 1960s had eroded the income position of the highest paid class to an 'undersirable' level.(6) In a draft report by the Ministry

of Public Service and Administrative Reform on super-class salaries, figures were given which showed that the ratio of the salary of the under-secretary to the Junior clerk (basic salary plus COLA had declined from 19.1 in 1951 to 10.1 in 1973.(7) Moreover, it was found that during this period the percentage increase in nominal salaries for the junior clerk ranged from approximately 44 per cent at the minimum to 62 per cent at the maximum while for the under-secretary the increase was 21 per cent. Thus, since the major objective was to retain efficient and qualified civil servants, the government argued that financial incentives had to be competitive with those paid to managerial staff in the public corporations, and to a lesser extent, the private sector.(8)

The net effect of 1974 increases on civil service pay differentials varied among different groups. The increases in the super-scale salaries obviously widened inter- and intra-class differentials. However, this attitude of creating 'reasonable' vertical differentials for top posts was not extended to similar differentials within the lower classes as can be inferred from the percentage rates granted. Increasing pay for lower grades by 17 per cent and the remaining by 12 per cent had compressed pay structure below super-scales. The compression was more significant in the middle-level grades. For example, a clerk whose salary was £s560 per annum was granted 17 per cent while another whose pay was £s600 per annum achieved 12 per cent incease. After the adjustment, the new salaries became £s655 and £s672 respectively leading to a fall in the differential ratio from 1.07:1 to 1.03:1. A similar shift of differentials resulted between the wages of unclassified workers in Group IV and Group V. Moreover, a widening of differentials could be observed between the skilled workers' categories (Group V and above) and a large portion of sub-professional and clerical classes. A clerk in scale (H), for example, whose salary ranged from a minimum £s375 to a maximum £s500

per annum was considered within the lowest paid grades (ie, entitled to 17 per cent incease). On the other hand, a skilled worker in group V with a wage range of £s399-555 per annum, was treated as those in the upper grades and, thus, granted 12 per cent increase.

An aggregate supply-demand explanation of the pattern of above differentials is clearly inadequate. While it is difficult to determine with any degree of precision the magnitude of the competition prevailing in the labour market at that time, available rough estimates of the growth of high and middle level manpower in the country (see Chapter 2) would lead one to expect that their premia would have fallen relative to the skilled groups and not vice versa. This may be partly explained in terms of the influence of bureaucratic élite referred to in Chapter 4.(9)

5.3. THE JOB EVALUATION AND CLASSIFICATION SCHEME (JECS) 1975-1978

Following the establishment of the Ministry of Public Service and Administrative Reform, the Sudanese government requested the United Nations in November 1972 to send a mission with terms of reference which included among other matters: a) helping the newly established Ministry to map out adminsitrative reform strategies and programmes; and b) helping the Ministry develop its organisational capabilities for steering and implementing a major administrative programme.(10) Eventually, the most important recommendation of this mission (July 1973) was:

> "The initiative, at the earliest possible date, of a comprehensive classification and pay study, is an overriding necessity to serve as the basis for a sound restructuring of the personnel systems and adminsitrative practices in the entire public employment sector".(11)

The government endorsed the report of the Mission entitled "A Programme for Adminstrative Reform" as a basis for an integrated reform

programme. In late 1974, four senior officials from the Ministry of Public Service were sent to the UK for the purpose of training in job evaluation methods and techniques. On their return, (with a British expert) they formed the Central Team for the Job Evaluation and Classification Scheme in July 1975. It took the Team about 8 months to do its preparatory work.

In his monthly 'Face the Nation' speech, in March 1976, the President of the Republic inaugurated the JECS plan. He described the plan as a 'revolution' that intended to sweep away the remnants of a system inherited from the colonial era and completely inappropriate to meet the 'ambitions' of employees in the mid-1970s.(12)

As its report asserts, the JECS was intended to be a complete programme for an effective system of personnel administration of public sector organisations. It was seen as a way to 'rationalise' the entire pay structure by, for example, reducing the length and complexity of scales, rewarding the technical skills and transferring the fragmented 'pay-oriented' pay structure to a unified 'work-oriented' one. Specifically, the objectives were:(13)

a) to determine the number of posts in each government unit on the basis of the job evaluation exercise;

b) to determine the number of levels and grades into which government work should be divided to achieve maximum efficiency;

c) to determine the standards of skills required in each government unit at different levels;

d) to determine the responsibilities and volume of work for each grade;

e) to determine the relative importance of jobs on the basis of adequate job description and classification methods;

f) to provide a system that would decide, on a scientific basis, how much pay employees should receive in absolute and relative terms.

It was reported that an exercise which involves the above-mentioned measures was quite essential to get rid of the proliferation of wage and salary structures which characterised the public service and gave an advantage to white collar employees over skilled workers and technicians; the same categories which were most needed for development projects and many of whom had emigrated of late. The JECS was also expected to dismantle the 'cadre' system, remove anomalies between public sector employees and provide solutions to the chronic promotion problems. Moreover, it was believed that the scheme would provide specific measures to tackle the problem of overstaffing in the civil service as well as measures for enabling the productive use of the inceasingly growing numbers of graduates and secondary school leavers. Therefore, it can be inferred that the JECS was, by no means, intended as another plan for a general increase in government wages and salaries.

Using a 'factor comparison' method the scheme produced - and for the first time - a unified pay structure for all public sector employees. The procedure adopted was as follows: Firstly, the Central Team of JECS took a sample of 1648 jobs across the entire public service composing the weight of the whole. Secondly, data were collected through questionnaires and interviews and a draft job description was prepared depending mainly on the information provided by the occupant. Information obtained was related to a) decision making; b) mental and physical efforts required by the job; c) representation; d) working conditions; e) knowledge, experience and qualifications to perform the job; f) manual skill; g) the degree of complexity of work; h) supervision; and i) personal contact. Needless to say that different employees had been

asked to provide information about different sets of the above factors. Thirdly, the final job descriptions were prepared, the number of grades were decided upon, and the functions corresponding to these grades were determined. The grade descriptions were framed in such a manner as to cover discernible differences in the degree of skill, responsibility and other job characteristics with varying weights. The lowest grades would cover jobs which merely require the workers concerned to follow simple instructions under close supervision, with little or no latitude for the exercise of independent judgement. Each succeeding grade would reflect a higher level of skill and responsibility with less and less supervision up to the top of the structure which included, inter alia, jobs the duties of which were:

> "To plan, direct, execute unprecedented programmes with immense difficulty and responsibility requiring extended training, experience and qualifications".(14)

Fourthly, based on its studies and findings the JECS Commission classified the public service jobs (both 'classified' and 'unclassified') into 22 grades, which it believed to be comprehensive enough to contain all the activities of the public sector, comprising various occupational groupings which were identified as a) Administrative; b) Executive (professional, non-professional and routine); and c) Miscellaneous.(15) Fifthly, the pay structure was determined according to the different job levels and pay scales were fixed to the 22 grades. In determining these pay scales the first step was to fix a minimum rate for the lowest grade. This was done, allegedly, by increasing the 1974 minimum wage by a rate corresponding to the change in the Cost of Living index during 1974-1977. The rest of the pay scales were fixed as follows: each scale's minimum rate was fixed at a level 10 per cent higher than that of the scale below it. Each scale was extended for 50 per cent of its starting pay rate and by increments of 5 per cent of that rate to bridge the gap in 10

years. In this way, the new pay structure was constructed with a minimum wage of £s28 and a maximum of £s450 a month.

The criteria upon which the new structure was based could be gauged from fragmented statements in the JECS report. The first of these was internal relativity ie, the standing of the employee's job in relation to other jobs within the public service. In fact, this was the essence of the whole job evaluation exercise. The second was the cost of living. It has been reported that:

> "No employer can expect to retain the services of his employees if he does not pay them a 'living wage'. The government, as a 'model' employer for all other employers in the labour markets in the Sudan, must pay at least a living wage as a matter of principle".(16)

Mention has also been made of the principle of 'equal remuneration for equal work'. The Commission argued that if this could be applied to all grades of employees, men and women in different parts of the public sector, then relative pay would be fair. It emphasised that there was an urgent need for a unified structure because the non-unified or 'cadre' system had led to a considerable leap-frogging between different occupational groups and different public sector units.

It could be seen from the foregoing that the proposed scheme was - at least theoretically - appealing and appeared to have provided solutions to many problems facing the pay determination issue in the public sector at that time. Nevertheless, the implementation of the scheme turned out to be much more difficult than apprehended.

The government endorsed the proposals for the JECS in May 1978. Initially the implementation of the new pay scales was phased over two years starting from July the same year. But, eventually the government decided to discontinue with phase II because of the high costs involved in the implementation of phase I. Estimates provided by the JECS commission put the cost at £s44 million; a revised estimate, however, indi-

cated that the actual cost could be three or four times higher. This was probably one of the main factors that led observers to believe that:

> "The scheme was rendering to be an 'unorganised' exercise that brought chaotic state of affairs into the public service".(17)

There seems to be little doubt that the scheme was designed and introduced hastily. For example, the original plan had been to conduct the scheme over three years to be implemented in 1980. But in August 1977, the President of the Republic instructed the JECS commission to complete its work and report in just one year to be ready for implementation by July 1978, for patently political reasons. The attempted coup d'état of 1976 showed that popular support for the government among unions and professional associations was virtually non-existent. So, the government was anxious to provide some kind of material gain to its employees.

In addition to the insufficient preparatory work on the scheme, doubts had been raised about the quality of manpower that was charged with its design and implementation. The JECS team suffered losses of qualified and trained staff and eventually comparatively untrained staff were brought in to implement the scheme.(18) Consequently, it had been argued that the scheme was born with fundamental technical shortcomings and it was unable to practise many of its advocated principles. A Sudanese expert asserted that:

> "... instead of evaluating jobs properly, the JECS commission has simply matched the existing scales with one of the 22 grades on the scheme ... The JECS should have defined the posts and grades necessary within every government department according to its objectives and terms of reference, and not simply incorporated in the new system all the overstaffing apparent in the old".(19)

Perhaps capitalising on such deficiencies trade unions instantaneously started to complain about their grades and scales in the new system. Everyone claimed that their duties and responsibilities and sometimes their qualifications and market values justified higher pay. It

was, also, claimed that the JECS had created further anomalies between, what they considered, broadly comparable work. In some cases, unfortunately, this was true. For example, it has been reported that the JECS job classification had reversed the existing authority and responsibility structure in Sudan Railways. According to the proposed structure, station managers were placed in grade 12 while some of their subordinates from administration were assigned to higher grades (11 or 10).

Part of the employees' reaction, however, reflected their inexperdience and lack of knowledge about the job evaluation technique which led them to develop unrealistic expectations about the outcome of the scheme. Many employees, as well as unions, viewed the JECS primarily as a means of increasing their emoluments. In fact, such expectations could be justified in view of apparently limited employee participation in the work of JECS. Unions were not represented in the Commission and only asked to provide their suggestions. If this was the case, obviously the policy makers were mistaken to assume that employees would accept the change without resentment. Thus, complaints escalated from different parts and different groups and it appeared that very few employees were actually contented with their 'place' in the new system. For its part, the government instead of pressing on with the scheme's provisions and correcting obvious discrepancies, gave way to the demands of some groups considered politically significant, such as armed forces, medical doctors, judges and railway workers. The subsequent feeling among other groups was one of frustration and each group began to put forward its case for an adjustment.

It was reported that the years 1970 - 1980, not surprisingly, witnessed a massive exodus of professional and technical staff from the public sector to the neighbouring oil-rich countries. This was attributed to the 'unfair anomalies' created by the JECS, ironically, the same

problems as it was intended to solve by the introduction of the new system.(20) Those who did not leave their job became militant labour. Limited information available from the Ministry of Labour statistics showed that there were nearly forty strikes in the public sector during the six month period that followed the implementation of the JECS. The government responded to this industrial action by granting pay rises mainly by payment of special allowances, and the adjustment of pay scales and sometimes the grade structure itself. Such response inevitably generated further complaints about the perceived inequalities of the scheme.

5.4. MAJOR DEVELOPMENTS 1979-1986

In the face of these mounting complaints and industrial action, the President of the Republic appointed in April 1979 a ministerial committee (headed by the Minister of Finance) to revise and re-design the whole work of the JECS. For unknown reasons, three months later, the President set up another committee, under the chairmanship of the National Assembly Speaker with the same terms of reference. Apparently, the two committees came into conflict and it became quite clear that these two could not operate concurrently. A Presidential Decree (August 1979) dissolved the Speaker's Committee; the Ministerial Committee continued its work and reported to the President in December 1979. In consequence, major modifications took place in the JECS grading classifications and pay scales. Notably, the number of grades had been reduced from 22 to 18 (though two subsidiary grades - 10A and 5A - were created); and basic pay scales were modified and for the majority there was an increase of 5 - 10 per cent, together with the increase of transport allowance by almost 100 per cent. The Committee claimed that such adjustments were designed to remove anomalies and bring harmony to the relative pay in the public service.(21) But the industrial peace sought

did not last long. Within a few months period another round of demands started.

To end a one-month strike by judges in 1981, the Presidential Decree No. 131 granted them generous improvements in basic pay scales, allowances, benefits and promotion provisions. The pay rise for police force followed suit, but it was the adjustment for state bank employees in November 1981 that was significant for comparability and encouraged employees in other parts of the public sector particularly in the parastatals, to demand similar treatment. Eventually, employees in some of these parastatals gained substantial increases through government concessions to their demands. For example, it has been reported that the Gezira Scheme employees received increases ranging between 50 per cent and 100 per cent in their basic salary and allowances in February 1982.

The years 1982 - 1984 witnessed a series of damaging strikes. As usual, the number and duration of these strikes are not documented. However, it could be remembered that the judges' strike for one month in 1982 and again for nearly 4 months in 1983 set the pattern for other groups. Railway workers 40-day strike in June-July 1983, doctors one-week strike in September 1983 and the accountants two-week strike January-February 1984 were just a few examples. Coupled with the anomalies created by political decisions in conceding to some factions' demands, escalating inflationary pressures during the period provided further impetus for pay rise claims and eventually strikes.

In an attempt to curb the spread of strikes the government awarded all public sector employees in December 1983 an increase ranging between 10 per cent and 25 per cent in basic salary as well as improvement in some allowances. It appeared that this was not sufficient and strikes continued.

The High Commission for Revising Pay and Terms of Employment or El-Turabi Commission (named after Dr Hassen El-Turabi, a well-known politician who chaired the Commission) was set up in April 1984. It was asked, inter alia:[22] a) to propose new methods of improving pay conditions without causing cost-push inflation; b) to suggest a unified policy for determining pay structures in different parts of the public sector that would lead to removal of any discrepancies; and c) to suggest possible alternatives for financing the expected increase in the government's wage bill.

With the assistance of three sub-committees (economic, legal and technical) El-Turabi Commission recommended the following:[23] a) the increase of the statutory minimum wage from £s42.5 to £s60 per month; b) the designing of separate pay scales, grading system and other terms of service for judges and lawyers, academic staff in universities and research institutions and the uniformed forces; c) the establishment of a unified general schedule for 'classified' and 'unclassified' staff of central and regional governments; d) the distinction between three types of public sector organisation: employees in service-orientated parastatals must be remunerated according to the 'general schedule' of the civil service; those in economic-orientated parastatals should be paid two extra increments above their civil service colleagues' pay; finally, profit-orientated parastatals should have the right to set their own terms and conditions of employment; e) a general pay increase ranging from 20 per cent at the top grade to 40 per cent at the bottom; f) those who had seen their pay increased since 1981 should be excluded from the new adjustment if a 'reasonable' degree of relativity had to be maintained; g) existing allowances of a general nature (for example responsibility allowance) should be consolidated in the basic salary and under no circumstances should total amount of allowances exceed 75

per cent of basic salary.

The foregoing recommendations were endorsed by the Presidential Decree No. 647, March 17th, 1985. A few weeks later, on April 6th a popular 'up-rising' spearheaded by trade unions brought the Numeiri government down and a transitional military government was set up to prepare for elections. In May 1985, the Council of Ministers discontinued the implementation of El-Turabi Commission proposals and set up a technical committee to revise its proposals. It was believed that the work of the Commission contained considerable discrepancies. As soon as the new Committee started its work, a wave of pay claims emerged. These included demands by the SWTUF to increase the minumum wage by nearly 1800 per cent relative to the 1970 wage level, supposedly to be corresponding to the rate of increase in the costs of living during the period, and demands by professional groups for equality in pay and allowances with doctors and engineers. The Committee, nevertheless, confined itself to its original terms of reference ie, the revision of the proposals of El-Turabi Commission. In this regard, it maintained most of El-Turabi's recommendations but re-classified the parastatals into public authorities, public corporations and public companies (their pay and grading structures will be discussed in Chapter 6). The recommendations of this Committee were implemented by the Council of Minister's Resolution No. 985, in August 1985. However, it was decided that the proposed pay rise should take place in two phases; the first 50 per cent was to be paid in September 1985; and the second in July 1986.(24)

The adoption of these pay scales generated yet another series of claims. Several unions had gone on strikes lasting between one day and one month and virtually all were related to their dissatisfaction with absolute and relative pay increases that took place.(25) The government conceded to some unions' demands and those benefited from such con-

cessions were engineers from technological institutes, agriculturalists and vets. University lecturers acquired the right to free accommodation and doctor's on-call allowance was increased by nearly 100 per cent.

Another committee was set up in December 1985 (chaired by Professor El-Jack of the University of Khartoum) to conduct a more thorough study into pay levels and to propose methods of removing existing anomalies.(26) In one month the Committee received nearly 60 claims for parity and increase of pay. The Committee attributed this largely to the way the government had handled the issue in the recent past and argued that:

> "Granting special terms and allowances to some groups and depriving others jeopardised the principles of equity and fairness in the public service and left the government vulnerable to further pressures".(27)

But while the Committee was, nonetheless, convinced that the majority of claims were 'legitimate' and 'justifiable', it argued that meeting everyone's demand would be difficult under the prevailing economic conditions. Moreover, it suggested that, to provide appropriate and permanent solution to the problem of discrepancies, more than a technical committee was needed. It consequently proposed the formation of a national commission to investigate issues of employment, pay and pricing, Meanwhile, it asked the government to relieve it from continuing its work.

In March 1986, the Council of Ministers decided to allocate £s175 million in another attempt to restore industrial peace by removing some of the conspicuous discrepancies and improving real pay. In effect, a standard nature of work allowance had been introduced to be awarded to all public sector employees except those who had earlier been granted special allowances. In the remaining sections of this chapter existing (July 1986) grading classification, pay scales, elements of remuneration and salary trends in the last 15 years or so will be discussed.

5.5. THE GRADING STRUCTURE

Currently, civil servants (central and regional government employees) are covered under a general schedule containing 19 grades, extending from grade 18 at the bottom of the structure to grade 1 at the top, with an interposed grade 10A. Since 1985 three special categories have been introduced (outside this general schedule) with basic salary rates higher than grade 1. These special segments are designed basically to recruit some highly qualified personnel (managers and advisers for example) considered to be in short supply.

The senior grades (1 - 10) are exclusively for adminsitrative, professional and senior clerical staff, grades 10A - 12 for supervisors of skilled workers and grade 14 for clerical and skilled manual workers. Grades 15 - 17 cover semi-skilled and grade 18 unskilled workers. In the civil service classification, grades 1 - 10A, 12 and 14 relate to 'classified' employees who are covered by the Pension Act; and grades 11, 13 and 15 - 18 to 'unclassified' workers covered by the Social Insurance Scheme.

Various legislative and similar provisions provide details of the entry grade levels for holders of specified qualifications. The most recent provisions appear in the Resolution of the Council of Ministers No. 985 (August 14th, 1985); subsequent Civil Service Department (CSD) circulars provide the technical details. Three grades are used as the recruitment grades for various groups: grade 9 is the entry level for university graduates; grade 14 for secondary school leavers; and grade 18 for unskilled workers. Thus, the internal labour market provisions confine entry to the civil service employment to these grades, the rest being filled through promotion.

As mentioned above in this chapter, attempts by the JECS 1978 to

build up a graded structure using objective and scientific methods based on job evaluation were unsuccessful. Many job holders did not find themsleves at the point which they believed their service, qualification and experience justify, many irregularities have been generated by the re-valuations and re-gradings of posts. In consequence, there is prima facie evidence that, currently, there are no job descriptions or specifications applied in the civil service. However, the JECS has created a system which allocates a complement of posts in particular grades approved by the CSD for each ministry. The basis of the complement theory is that, posts with a number of common facts group naturally and logically to form some sort of a 'job family'; these common factors have been reduced in practice to background educational and training requirements. Furthermore, for pay purposes experience has shown that individual exployees are not confined to grades specified in the complement, implying that the graded structure is not always systematically applied. Nevertheless, as pay scales are determined by money values allocated to these grades, this structure has to be relied on as the best available guide to current pay levels.

5.6. ELEMENTS OF REMUNERATION

The two main elements in civil service remuneration are basic salary and allowances. However, as each salary scale, except for grades 1 and 2, contains a series of incremental steps, an individual's pay is influenced not only by the grade in which he or she is allocated, but also by the step on which he enters a grade. Moreover, for 'unclassified' workers overtime (as we will discover below) provides an important additional component of remuneration.

5.6.1. Basic Salary Scales

Each grade (except grades 1 and 2) has a basic salary scale which specifies both the minimum and the maximum salary. The difference divided by the number of the steps in each grade usually represents the amount of the annual increment. Variations exist in the number of steps in the grade ranging from 5 steps for grades 3 - 5 to a maximum of 12 steps for grade 9 (Table 5.1).

According to the latest pay adjustments (1985/86), the minimum basic rates range from £s720 to £s8400 per annum. The minimum basic rate for grade 18 represents the statutory minimum wage in the Sudan, allegedly determined in accordance with the movements in the Cost Price Indices (CPI). As mentioned above, El-Turabi Commission (1985) had recommended an increase of the minimum wage from £s42.5 to £s60 a month, a wage rise much less than the CPI increase of approximately 100 per cent for the period November 1983 - July 1985; if the minimum wage had been increased proportionately to the CPI change, the monthly wage would have risen to almost £s85. The minimum wage, nevertheless, represents the floor upon which the entire pay structure is built. Basic salary rates above the minimum are seemingly fixed to compensate for qualifications, experience, responsibility, working conditions, etc. Since the pay structure has to provide for appropriate differentials between jobs and grades, in the absence of adequate job descriptions and specifications, as is the case in the Sudanese public sector, identifying the exact measures upon which differentials are based is a difficult task. Table 5.2 shows the percentage differentials in basic salary rates and the minima and maxima of adjacent grades. Examination of these figures hardly reveals any coherent pattern. Among some grades, the differentials are as small as 4.2 per cent whilst among other grades they may be as high as 55.6 per cent. Asked about the exact criteria which have been applied

to determine the size of these differentials, senior officials in the CSD failed to provide any satisfactory answer other than saying that they depend upon the jobs included in the structure.(28) What is certain, however, is that, as a result of the smallness of differentials among some grades, many jobs have become 'marginal' cases leading to endless arguments about the validity of the job grading processes. On the other hand, too large differentials would involve jumps from lower to higher grades generating salary increases not compatible with the assumed changes in responsibility. Examination of figures in Table 5.1, also, shows considerable overlapping - as measured by the proportion of a grade simultaneously covered by the next grade - particularly regarding lower grades (9 - 18). This overlapping may, of course, merely represent management's recognition that an experienced person in a lower grade can be of more value than a new-comer to a job in the grade above. However, experience also shows that overlapping has caused serious problems in the operation of the civil service pay structure. In the case of promotions individuals move from the maximum step of the lower grade to such a high step in the promoted grade that the length of time required to reach the maximum of this grade is considerably shortened. Without prospects for further promotion this may lead to 'coasting' in the grade for relatively long periods, and this leads to pressure to provide extra increments to the scales capable of destroying the integrity of the entire pay structure.

5.6.2. The Incremental System

Incremental payment systems provide an annual addition to the basic salary over and above any increase which may be obtained via general pay adjustments. Table 5.3 shows that increments add 2.4 - 5.5 per cent to the basic salary at the bottom, and 2.2 - 4.1 per cent at

the top of the grades. The reduced percentages at the grade maxima result from the use, in most cases, of flat-rate increments. Generally, in percentage terms, increments appear to be more significant to employees in the lower grades of civil service pay structure.

Theoretically, the main justification for incremental scales is to reward people according to their performance over time. In the Sudan's civil service, however, payment of annual increments has little to do with performance as they are paid almost automatically and very rarely withheld even from those employees whose annual reports are extremely poor. Officially there is an 'efficiency bar' within the scale which employees may pass only if their work is judged to be entirely satisfactory on the basis of appropriate efficiency tests. In practice, no tests are carried out and normally every employee is given a satisfactory annual report.(29) Increments have, therefore, become a reward for service rather than performance. In any case, individuals who reach the top of the scale expect automatic promotion to the next higher grade. Often, however, promotion opportunities are not readily available and there is considerable risk of no further progression for a lengthy period. The negative impact of such 'condemnation' as seen by employees: on the job satisfaction and performance may be serious.

5.6.3. Allowances

There is no centralised information source showing the incidence of the allowances payable or their effect on gross salary. However, it can be inferred that for public service employees allowances form significant components of pay. Prior to the 1985-86 salary adjustments allowances were not of major importance for most civil service grades. The JECS, 1978, consolidated the then existing Cost of Living and Housing allowances into basic salary scales and reduced the total number of

allowances. Most of these with the exception of COLA were either relatively small and/or applicable to a relatively small number of the higher grades. However, the mileage allowance could be significant for higher grades.(30) One exception to this generalisation was the transport allowance which, in 1983, ranged from £s16 to £s25 a month.

The key development, however, was the introduction of a special allowance for medical professionals (engaged on full-time work) effective from January 1984 following industrial action by their professional association. It appears that this allowance has set the pattern subsequently followed by other factions in the public service. For example, in January 1985, engineers asked for equal treatment and gained a similar allowance.

El-Turabi Commission (1985) had opposed, in principle, any payment of allowances outside the basic salary scales on the grounds that they were adequate to meet the basic needs of employees. It recommended the consolidation of all allowances of a general nature into the basic salary scales, a charge the Committee considered would bring great advantage to employees by raising the effective pay on which post-service benefits are calculated. It seems that this recommendation was not adopted. The 1985-86 adjustments not only re-introduced existing allowances but introduced additional allowances. Transport Allowance (TA) payable in Greater Khartoum area was increased to £s25 or £s35 a month, depending on distance travelled from home to office; a Housing Allowance (HA) was introduced in March 1986 ranging from £s150 a month for grade 1, to £s20 a month for grade 18, together with a Nature of Work Allowance (NW) extending from £s150 for grade 1 to £s10 for grade 18. Grades 1 - 4 had previously received a Responsibility or Technical Allowance ranging respectively from £s40 to £s25 a month since 1974,

with the amounts remaining unchanged, but the NW allowance replaced these allowances and covered all grades. In addition, the Mileage Allowance (MA), applicaable to grades 1-8 was increased and the Representation Allowance (Rep) payable to grades 1-4 was increased considerably and extended to grade 5. Some individuals in higher grades may have a government car and a driver in lieu of MA and TA; a provision likely to be worth more than the monetary value of the allowances.

Some other allowances are payable to individuals possessing specified qualifications or meeting certain conditions. It is difficult to list exhaustively all the allowances prevalent in the public service but some examples may be noted. Medical doctors and engineers receive monthly allowance of up to £s200 presumably to cover their liability for 'on-call' duty; veterinary doctors similarly receive £s40-75 a month. University medical teachers receive 100 per cent of basic salary for being unable to participate in private practice. Lower allowances include a typist's speed allowance, computer proficiency allowance, X-ray allowance, secretarial allowance, post-graduate allowance, etc, with amounts ranging from £s10 to £s40 a month.

From the foregoing account of the components or elements which combine to make up the gross earnings of civil servants, it is clear that the examination of civil service pay structure must include consideration of the following:

a) changes in basic salary scales;

b) changes in the amount of allowances and overtime pay;

c) changes in grading or the rules governing the incremental steps to which appointments or promotions are made.

5.7. SALARY TRENDS

5.7.1. Basic Salary

As we have seen above, salary scales are reviewed periodically every few years. It has never been the practice in the Sudan to fix a regular time span within which revisions must take place and the intervals are consequently uneven, with the adjustments resulting from union pressures for increase to meet upward movements in the costs of living.

Pay reviews normally lead to a general increase in all scales and may also introduce new allowances or consolidate existing allowances. As we have revealed above, in the last couple of decades, such increases occurred in July 1968, July 1974, July 1978, December 1983, and through the phased increases of September 1985 - July 1986. Table 5.4 shows the minimum and the maximum basic salary rates of employees in the central and regional governments in the adjustment years since 1974, and Table 5.5 details the magnitude of increase in each adjustment. It is evident from these two tables that the pattern of basic salary increases varied significantly for different years and among different grades. The JECS (1978) increased the then existing rates by amounts varying between 33.9 per cent and 90.1 per cent. The 1983 adjustments added relatively small amounts of 9.9 - 28.0 per cent to 1978 scales. The latest revisions, however, provided additions of 41.3 per cent to 67.4 per cent in July 1986. It is difficult to specifically pinpoint what influences the size of pay icnreases in each review. Pay commissions often refer to the changes in the cost of living as the principal criterion used. However, it is certain that pay increases have never been the product of direct collective agreement, as there is no formal provision for collective bargaining in the civil service, neither have they been catch-ups to outside settlements as private sector pay settlements follow those of the public sector.

Strict comparisons between the salary advances to specific occupational groups may not be possible due to the lack of detailed information, but comparisons of increases awarded to different grades would give an indication. During the period 1974 - 1986, the lowest two grades (17 and 18) received the highest increase in basic salary rates and generally the advances of the last 15 years or so appear to have benefited those at the bottom of the pay structure. Personnel in grades 3 - 7, on the other hand, were the least rewarded during this period. In other words, pay for 'unclassified' staff has generally advanced more consistently and at relatively higher rates than in the pay for 'classified' employees, probably because of the government wish to protect the most hard hit during inflationary periods.

Nevertheless, the main concern of employees is usually the change in real pay and, for them, nominal pay changes are satisfactory only if they represent improvements in real income or purchasing power. Table 5.6 shows the indices of real basic salary scales minima and maxima in the civil service since 1974. Nominal salaries are deflated by the Cost of Price Index (CPI) for 'Higher Salaried Employees' with the average CPI for 1970 = 100.[31] As the figures indicate, there has been a drastic reduction in the real level of basic salary scales since 1974. Even after full implementation of the 1986 increases, real basic salaries have decreased to 16 - 27 per cent of the 1974 levels or to approximately 21 - 29 per cent of the levels established by the JECS, 1978. The reductions were a little less severe for lower grades indicating that there has been a narrowing of top-bottom basic salary differentials.

The principle of adjustment to the cost of living which broadly underlies the payment of increases in basic salary logically requires a 100 per cent 'neutralisation' of the rise in CPI. However, it is

apparent that other factors have been taken into account. Table 5.6 shows that upward revisions in nominal salaries have failed to raise basic real salaries to pre-adjustment levels. The 1983 revisions maintained only about one-third of 1978 real pay levels, while the 1986 adjustments relatively improved the situation by guaranteeing on average more than two-thirds the 1983 standard. Clearly then, basic salary increases from one adjustment to the next bore little relationship to changes in the cost of living, particularly since 1978. Policy makers interviewed in the Ministry of Finance and Economic Planning acknowledged that increases which occurred in the recent past were irregular, piecemeal and insufficient to maintain real income, but argued that national economic conditions did not permit full 'neutralisation'; furthermore, it was government policy to avoid wage-price spiral (an objective inevitably undermined by the allowance system).

5.7.2. Gross Salary

Generally, allowances are divided into two main categories: standard and non-standard. Standard allowances are either received by all employees in all grades (such as HA, NW and TA) or by all employees in certain grades (such as Rep. for grades 1 - 4). Non-standard allowances, on the other hand, are payable to certain occupational groups or individuals possessing specified qualifications and/or fulfilling certain conditions (such as 'on-call' allowance for doctors and engineers, post-graduate allowance, field work allowance, secretarial allowance, etc). The allowances included in the gross salary analysis are assumed to be the standard allowances: mileage; transport; and representation allowances in 1978 to 1983; together with nature of work and housing allowances introduced in 1986.[32] The monthly or yearly totals shown in Table 5.7 indicate that the number of allowances and quantums has

increased significantly in the present decade. The non-availability of information about allowances prior to 1978 has apparently shortened the period over which analysis of changes in gross salary may be made. Table 5.8 shows the basic salary scales, allowances, and thus the size of the gross salary in 1978, 1983, and 1986, with the indices of gross salary to basic salary shown in Table 5.9. In 1978, allowances were relatively insignificant particularly for the middle-level and lower grades (at best they added an equivalent of 50 per cent of the basic salary). By 1986, however, the picture had changed considerably: the basic salary of the majority of staff (excepting those in grades 10 - 12) is practically doubled by allowance payments (Tables 5.8, 5.9). Examination of figures in Table 5.10 provides further evidence of the growing weight of allowances. Between 1978 and 1983, for the majority of grades, nominal gross salary had increased by an average of 30 per cent; from 1983 to 1986, however, the rate of proportionate increase was almost trebled to an average of 90 per cent. During the 8-year period 1978 - 1986 the gross salaries rose by percentages ranging from 113 per cent to 267 per cent. Similar comparison of basic salary (Table 5.5) showed increases of 56 to 114 per cent illustrating clearly, as shown in Table 5.11, how allowances were used to off-set the reduction in real pay reflected in basic salaries. In very broad terms, during this period (1978 - 1986) the movement in the real gross salary index was about 50 per cent greater than basic salary index (Table 5.6). However, by 1986, even with the inclusion of allowances, real pay was not more than 50 per cent, at best, of its 1978 level.

In Table 5.7 - 5.11 the so-called standard allowances have been taken into account. To illustrate the effect of all allowances, standard and non-standard, in increasing basic salary, a random selection of 12 individuals' salary records was made from the payrolls of the

Ministry of Finance and Economic Planning. In Table 5.12 each person's allowances and gross salary is expressed as a percentage of the basic salary. For the majority GS as a percentage of BS falls within the ranges shown in Table 5.9. However, two members of grade 4 received qualification allowances and one in grade 14 is paid typing allowance. These non-standard allowances added sums amounting to 8.5, 6.3, and 25 per cent of respective basic salaries of the individuals concerned.

The inclusion of another means of augmenting basic pay, viz, through overtime payments, for which there were not data obtainable except in respect of the random information of individuals' earnings, is illustrated by examples of 4 grade 18 staff (unskilled labourers) in Table 5.12. In these cases, overtime payments ranged from about one-third to one-half of basic salary. Gross pay (basic salary, allowances and overtime) was some 225 to 250 per cent of basic salary. As will become apparent in Chapter 6 (and the case studies) overtime payments for these individuals appear to be moderate in relation to amounts practically payable in some other parts of the public sector.

Analysis so far, has concentrated upon changes in real pay without consideration of the pay implications of movements within grades through the incremental system and between grades through promotion. These movements will now be examined. It needs to be noted, however, that the following analysis, in view of apparent dearth of information, largely depends upon examples provided by a recent ILO report (1987c).

5.8. REGRADING AND PROMOTION

According to current civil service provisions university graduates are recruited into grade 9. Graduates of a two-year course at a technical institute enter on step 1, university arts graduates (four-year course)

enter on step 3, agriculturalists and vets on step 8, engineers on step 9 and medical doctors on step 10. After one year for medical graduates, two years for engineers, three years for agriculturalists, and four years for arts graduates, these staff can expect promotion to grade 8. In theory at least, this requirement is necessary but not sufficient for promotion. The Public Service Regulations, 1975, provide the rules for promotion and require that promotion shall be made only to fill a vacant post. They also require that selection for promotion shall depend primarily on merit.(34) Moreover, no employee who is required to pass a test before being promoted shall be promoted until he/she passed successfully such test. The commonplace practice and the prevalent attitude, however, is that spending the required period in a certain grade is quite sufficient to claim promotion. If there were no vacancies in grade 8, for example, individuals receive the basic salary of that grade while remaining formally in grade 9.

Consequently, regrading and promotion practices have become an important means of achieving larger increases in pay over and above those resulting from periodic adjustments. This may be illustrated by providing firstly, hypothetical and then actual examples.

Table 5.13 shows the salary and grade 'career progression' of two university graduates, a vet and an arts graduate, assumed to have been recruited in January 1979, July 1983 and July 1984.(35) The figures broadly reveal that graduates recruited in 1979 would have suffered a reduction in real basic salary of about two-thirds and a fall in real gross salary of 32 - 44 per cent. Those recruited in July 1983 would have had a fall in real basic salary of 15 - 20 per cent but an increase of 40 - 50 per cent in real gross salary. The 1984 recruits would have lost 12 - 14 per cent of their real basic salary but increased real gross salary by more than a third.

Further illustrations of the effects of regrading and promotion in respect of 40 randomly selected individuals are presented in Tables 5.14 and 5.15. In Table 5.14 the date of recruitment and recruitment grade of each individual is shown. Both grades 7 and 8 contain some individuals who were recruited as secondary school leavers (grade 14 or its equivalent) in the 1960s and others who were university graduates recruited into grade 9. Grade 12 consists of people recruited into grade 14, and grade 13 of these initially entering grade 18 as unskilled workers. Comparison of the dates of recruitment of those entering as members of the same grades but currently in grades 7 and 8 may suggest that promotion is not automatically determine by years of service. Apparently, there are currently some members of grade 7 who were recruited later than others who are still in grade 8. Attainment of additional qualifications and training after recruitment, coupled with the relative availability of openings may explain such variation. There is little evidence to suggest that such variation resulted from promotions on the basis of performance appraisal.

What Table 5.15 broadly establishes is that the drastic reductions in real pay observed earlier has been modified by increments and promotion. Particularly coupled with allowances, promotions and regrading have enabled some public service members to maintain or increase their real gross salary relative to levels prevailing at recruitment date (columns 8 and 9). It appears that the more recent recruits who have been promoted have done best. But this has been attributed to the fact that their recruitment gross salary was low in real terms in relation to levels received in earlier years.

However, this is by no means to suggest that promotion automatically solves real pay problems for government employees. For example, individual 2 (Table 5.15) after being in the service for 18 years and

being promoted from grade 14 to grade 7, has lost nearly a quarter of his gross salary in real terms by 1986. Moreover, at least half of the individuals in the sample have experienced a reduction in their gross salary even after being promoted several times.

These examples are too few and the details available too fragmentary to facilitate comprehensive analysis of the movements in effective real pay of civil servants in the Sudan, but they are sufficient to demonstrate the inadequacy of any analysis which takes account only of basic salary scales and allowances as the measures of the trends in real pay of serving civil servants.(36)

5.9. THE ROLE OF TRADE UNIONS

There is no formal provision for collective bargaining in the civil service. However, existing arrangements allow for the representation of the two national federations - the Sudan Workers' Trade Unions Federation (SWTUF) and Employees' and Professionals' Trade Unions Federation (EPTUF) - in pay review committees. It appears that such arrangement has been established recently because, as we revealed earlier, up to 1978 union participation was restricted to consultation as the federations were usually asked to present their suggestions through formal submissions. Unions' representatives serve as a link between the Committee and the two federations: thus, while the possibility of unions influencing the recommendations of the Committee should exist, it is difficult to determine the exact magnitude of this influence neither the extent of their negotiation power. But the fact that there is no foolproof method for quantitatively assessing the impact of unions on salaries, does not invalidate the contention that such impact can be quite significant. A number of occasions highlighted in this chapter

and previous chapters have shown that the real power of the trade unions in the Sudan could be seen in their ability to achieve 'political settlements' to pay problems. Moreover, recent years' experience has indicated that there is an increasing resort to the use of strike weapon by public sector employees. Details of the number of strikes, the exact number of employees involved in each strike and the resulting 'working days lost' could not be obtained bec ause they were not, surprisingly, documented by any official body. This is despite the fact that strikes in recent years have almost become a constant feature of the news headlines.(37)

Statutory provisions for the settlement of industrial disputes are contained in the 1976 Industrial Relations Act. The Act explicitly prohibits strikes at any stage of the settlement procedure which requires negotiation, mediation, and arbitration. However, unions rarely comply with the statutory provisions and apparently attach no faith to the effectiveness of the system. It appears that the reluctance of the government to apply sanctions on defiant unions coupled with its readiness to provide concessions to factional demands has clearly undermined the effectiveness of the system, and enhanced the 'propensity to strike' among the unions. In an interview with a senior official in the Ministry of Finance it was revealed that almost 7 out of 10 industrial disputes would be resolved only after the government conceding to part or all of the unions' demands.(38)

Thus, the above considerations, tentative though they are, lead one to the conclusion that unions have been effective in expediting the gains to employees and also in bringing about increases in salaries more than market forces would have otherwise permitted. One of the top SWTUF leaders expressed this view in a somewhat extreme form:

"Only the struggles, strength and the vigilance of the trade union movement have enabled the worker to have the gains he has".(39)

5.10. CONCLUSION

It emerges from what has been said in this chapter that the industrial relations climate in the civil service has deteriorated considerably with pay problems becoming more acute and controversial in the last 10 - 15 years. Ironically, the beginning of such deterioration coincided with the first attempt in the history of the Sudanese civil service to adopt a job evaluation scheme. Technical deficiencies, lack of unions' support and the government's arbitrary decisions were among the most important factors which led to the failure of the scheme to produce the anticipated reform of the system. Instead, the implementation of the scheme generated many disparities and distortions. In consequence, committees were more frequently set up to remove discrepancies, but they failed consistently to maintain industrial peace and/or reduce the incidences of sectoral claims for pay increases. One reason for the persistence of pay claims was government's readiness to concede to the demands of certain groups. The second, and perhaps the major reason was the continuous fall in real pay levels. Although civil service pay scales have been adjusted in 1974, 1978, 1983, and 1985/86, and the increase in nominal basic salaries amounted for some groups to 264 per cent from 1974 to 1986, real basic pay scales in 1986 were as low as 16 per cent of 1974 levels. The significant increase in the amount and quantum of allowances in recent years could be seen as a way of modifying the magnitude of real pay decline. By 1986, the majority of civil service grades were paid allowances which exceeded their

basic salary rates. These allowances, along with the incremental system, regrading and promotion have partially offset the dramatic fall in the real value of basic salary scales. The introduction of the wide variety of allowances has provided a further impetus for coercive comparability. Largely through their political power trade unions have influenced the remuneration of employees significantly. Unions and professional associations typically sought special allowances because modifications in pay scales were not so easily won because they had to be universally applied across the service.

Thus, it can be argued that the labour markets in which the salaries of civil servants in the Sudan are established are from the simple perfectly competitive models used in much of the economic theory. On the contrary, because of the internal labour market provisions, politically-orientated government decisions and the powerful influence of trade unions, competitive forces are totally displaced. Of course, this is by no means a peculiar feature of civil service pay determination; it is to be found throughout the public sector, as will be seen in the next chapter.

Table 5.1

CIVIL SERVICE

Annual Basic Salary Scales and Increments as in July 1986

GRADE	Segment Min	Segment Max	Increments 1	2	3	4	5	6	7	8	9	10	11	12	ANNUAL INCREASE
1	8400		8400												
2	7600		7600												
3	6204	6804	6204	6354	6504	6654	6804								150
4	5682	6282	5682	5832	5982	6132	6282								150
5	4980	5460	4980	5100	5220	5340	5460								120
6	4332	4932	4332	4452	4572	4692	4812	4932							120
7	3708	4428	3708	3828	3948	4078	4188	4308	4428						120
8	2838	3594	2838	2946	3054	3162	3270	3378	3486	3594					108
9	1824	2616	1824	1896	1968	2040	2112	2184	2256	2328	2400	2472	2544	2616	72
10	2664	3252	2664	2748	2832	2916	3000	3084	3168	3252					84
10A	2418	2943	2418	2493	2568	2643	2718	2793	2868	2943					75
11	2052	2577	2052	2127	2202	2277	2352	2427	2502	2577					75
12	1740	2265	1740	1815	1890	1965	2040	2115	2190	2265					75
13	1338	1779	1338	1401	1464	1527	1590	1653	1716	1779					63
14	1200	1632	1200	1254	1308	1362	1416	1470	1524	1578	1632				54
15	924	1281	924	975	1026	1077	1128	1179	1230	1281					51
16	801	1053	801	837	873	909	948	981	1017	1053					36
17	750	960	750	780	810	840	870	900	930	960					30
18	720	900	720	750	780	810	840	870	900						30

Source: Data provided by the Civil Service Department (CSP).

Table 5.2

CIVIL SERVICE

Percentage Differentials between Grades, 1986

Grade	% Differential Min	Max
2-1	10.0	-
3-2	22.2	11.7
4-3	9.2	8.3
5-4	14.0	15.1
6-5	14.9	10.7
7-6	16.8	11.4
8-7	30.7	23.3
9-8	55.6	37.4
10-9	(31.5)	(20.0)
10A-10	10.2	10.5
11-10A	17.8	14.2
12-11	17.9	13.8
13-12	30.0	27.3
14-13	11.5	9.0
15-14	30.0	27.4
16-15	15.4	21.6
17-16	6.8	9.7
18-17	4.2	6.7

Source: Calculated from Table 5.1.

Figures in brackets are negative numbers indicating that pay rates in Grade 9 are lower than those of Grade 10.

Table 5.3

CIVIL SERVICE

Increment as a Percentage of Basic Salary, July 1986

Grade	% at Bottom	% at Penultimate
1	-	-
2	-	-
3	2.4	2.3
4	2.6	2.4
5	2.4	2.2
6	2.8	2.5
7	3.2	2.8
8	3.8	3.1
9	3.9	2.8
10	3.2	2.7
10A	3.1	2.6
11	3.7	3.0
12	4.3	3.4
13	4.7	3.7
14	4.5	3.4
15	5.5	4.1
16	4.5	3.5
17	4.0	3.2
18	4.2	3.4

Source: Calculated from Table 5.1.

Table 5.4

CIVIL SERVICE

Annual Basic Salary Scales, July 1974, 1978, December 1983 and July 1986

Grade	July 1974 Min	July 1974 Max	July 1978 Min	July 1978 Max	December 1983 Min	December 1983 Max	July 1986 Min	July 1986 Max
1	2850		4900	5400	5400	5940	8400	
2	2750	2800	4420	4780	4860	5260	7600	
3	2600	2700	4020	4340	4420	4780	6204	6804
4	2600		3620	3940	3980	4340	5682	6282
5	2200	2550	3220	3540	3550	3910	4980	5460
5A	2060	2240	2980	3380	3280	3730		
6	1900	2050	2740	3140	3010	3460	4332	4932
7	1560	1854	2180	2660	2440	2980	3708	4428
8	1043	1503	1650	2180	1845	2446	2838	3594
9	659	986	1000	1500	1120	1675	1824	2616
10	1060	1491	1596	1996	1820	2235	2664	3252
10A	861	1022	1346	1696	1545	1930	2418	2943
11	643	889	1146	1496	1325	1710	2052	2577
12	635	878	966	1296	1115	1490	1740	2265
13	427	601	786	1046	905	1215	1338	1779
14	387	662	606	846	695	985	1200	1632
15	316	333	576	786	660	905	924	1281
16	264.6	399	496	650	570	745	801	1053
17	220.2	322.8	420	546	510	664	750	966
18	198	288.8	336	464	432	590	720	900

Source: Data provided by the Civil Service Department.

- Grades were revised in 1978 following JECS. So, the 1974 grades were shown with their current equivalents.
- In 1974 there were different salary scales for classified and unclassified members of Grades 11, 12 and 15. The higher rates were included.
- The 1974 salary scales include Cost-of-Living Allowance then operative.

Table 5.5

CIVIL SERVICE

Percentage Changes in Nominal Basic Salary Scales during 1974-1986

Grade	1974-1978	1978-1983	1983-1986	1974-1986	1978-1986
1	172.0-189.5	110.2-110.0	155.6-141.3	294.7-	171.4-155.6
2	160.7-170.7	110.0-110.0	156.3-144.5	276.4-271.4	171.9-159.0
3	154.6-160.7	110.0-110.1	140.4-142.3	238.6-252.0	154.3-156.8
4	139.2-151.1	109.9-110.2	142.8-144.7	218.5-241.6	157.0-159.4
5	146.4-138.8	110.2-110.5	140.3-139.6	226.4-214.1	154.7-154.2
5A	144.7-150.9	110.1-110.4	-	-	-
6	144.2-153.2	109.9-110.2	143.9-142.7	228.0-240.5	158.1-157.2
7	139.7-140.0	111.9-112.0	152.8-148.6	237.7-238.8	170.1-166.5
8	158.2-145.0	111.8-112.2	153.8-146.9	272.1-239.1	172.0-164.9
9	151.7-152.1	112.0-111.7	162.9-156.9	276.8-265.3	182.4-174.4
10	150.6-133.9	114.0-112.0	146.3-145.5	251.3-218.1	166.9-162.9
10A	156.3-165.9	114.8-113.8	156.5-152.5	280.8-188.0	179.6-173.5
11	178.2-168.3	115.6-114.3	154.9-150.7	319.1-290.0	179.1-172.3
12	152.1-147.6	115.4-115.0	156.1-152.0	274.0-258.0	180.1-174.8
13	184.1-174.0	115.1-116.2	147.8-146.4	313.3-296.0	170.2-170.1
14	156.6-127.8	114.7-116.4	172.7-165.7	310.0-246.5	198.0-192.9
15	182.3-173.3	114.6-115.1	140.0-141.6	292.4-282.2	160.4-163.0
16	187.5-162.9	114.9-114.6	140.5-141.3	302.7-263.9	161.5-162.0
17	190.9-169.6	121.4-121.6	147.1-145.5	340.6-299.2	178.6-176.9
18	169.7-160.7	128.0-127.2	167.4-152.2	363.6-311.6	214.3-194.0

Source: Compiled from Table 5.4.

Table 5.6

CIVIL SERVICE

Indices of Real Basic Salary Scales minima and maxima, 1974-1986

Grade	1974-1978		1978-1983		1983-1986		1974-1986		1978-1986	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
1	93	102	32	32	73	67	22		23	21
2	87	92	32	32	74	68	20	20	23	22
3	84	87	32	32	66	67	18	18	21	21
4	75	82	32	32	67	68	16	18	21	22
5	79	75	32	32	66	66	17	16	21	21
6	78	83	32	32	68	67	17	18	21	21
7	76	78	32	32	72	71	17	16	23	23
8	86	78	32	32	73	69	20	18	23	22
9	82	82	32	32	77	74	20	19	25	24
10	81	72	33	32	69	69	18	16	23	22
10A	85	90	33	33	74	72	21	21	24	24
11	96	91	33	33	73	71	23	21	24	24
12	82	80	33	33	74	72	20	19	25	24
13	99	94	33	34	70	69	23	22	23	23
14	85	69	33	34	81	78	23	18	27	26
15	99	94	33	33	66	67	21	21	22	22
16	101	88	33	33	66	67	22	19	24	22
17	103	91	35	35	69	67	25	22	24	24
18	92	87	37	37	79	72	27	23	29	26
	July 1974=100		July 1978=100		December 1983=		July 1974=100		July 1978=100	
	Δ in CPI=185		Δ in CPI=346.6		100		Δ in CPI=1363.4		Δ in CPI=735.1	
					Δ in CPI=212.1					

Nominal salaries are deflated by the Cost of Living Index for Higher Salaried employees with the average CPI for the 1970=100 and for

July 1974 = 172.4
July 1978 = 319.0
December 1983= 1105.5
April 1986 = 2345.0

(as figures for July were not available April CPI has been used for the July calculation).

The CPI for Lower Salaried has risen at a slightly higher rate, about 6% over the full period. The Real Salary Index for Grade 18 would be reduced a little if that CPI had been used.

Table 5.7

CIVIL SERVICE

Allowances: Monthly Amounts and Yearly Total 1978-1986 (£s)

GRADE	July 1978					December 1983						July 1986						
	MA	Rep	TA	Monthly Total	Yearly Total	MA	Rep	TA	RA Tech	Monthly Total	Yearly Total	MA	Rep	TA	NW	HA	Monthly Total	Yearly Total
1	140	40	6	186	2232	150	40	25	75	290	3480	175	200	35	150	150	710	8520
2	140	40	6	186	2232	150	40	25	75	290	3480	175	100	35	150	150	610	7320
3	110	40	6	156	1872	120	40	25	75	260	3120	145	100	35	150	150	580	6960
4	110	25	6	141	1692	120	25	25	75	245	2940	145	75	35	140	135	555	6660
5	90		6	96	1152	100		25	50	175	2100	125	40	35	130	125	455	5460
6	70		6	76	912	80		25	45	150	1800	105		35	120	110	370	4440
7	70		6	76	912	80		25		105	1260	105		35	110	100	350	4200
8	55		6	61	732	65		25		85	1020	90		35	90	85	300	3600
9			6	6	72			25		25	300			35	75	70	180	2160
10			6	6	72			25		25	300			35	50	70	155	1860
10A			6	6	72			25		25	300			35	25	60	120	1440
11			6	6	72			25		25	300			35	30	50	115	1380
12			6	6	72			25		25	300			35	25	40	100	1200
13			6	6	72			25		25	300			35	20	35	90	1080
14			6	6	72			25		25	300			35	20	25	80	960
15			6	6	72			25		25	300			35	15	25	75	900
16			6	6	72			25		25	300			35	10	20	65	780
17			6	6	72			25		25	300			35	10	20	65	780
18			6	6	72			25		25	300			35	10	20	65	780

Source: Data provided by CSD.

MA = Mileage Allowance
Rep = Representation Allowance
TA = Transport Allowance (higher rate)
RA Tech = Responsibility or Technical Allowance
NW = Nature of Work Allowance
HA = Housing Allowance

Table 5.8

CIVIL SERVICE

Basic Salary, Allowances and Gross Salary, 1978, 1983 and 1986 (£s)

GRADE	1978						1983						1986					
	Min			Max			Min			Max			Min			Max		
	BS	Allce	GS	BS	GS		BS	Allce	GS	BS	GS		BS	Allce	GS	BS	GS	
1	4900	2232	7132	5400	7632		5400	3480	8880	5940	9420		8400	8520	16920	-	-	
2	4420	2232	6652	4780	7012		4860	3480	8340	5260	8740		7600	7320	14920	-	-	
3	4020	1872	5892	4340	6212		4420	3120	7540	4780	7900		6204	6960	13164	6804	13764	
4	3620	1692	5312	3940	5632		3980	2940	6920	4340	7280		5682	6660	12342	6282	12942	
5	3220	1152	4372	3540	4692		3550	2100	5650	3910	6010		4980	5460	10440	5460	10920	
6	2740	912	3652	3140	4052		3010	1800	4810	3460	5260		4332	4440	8772	4937	9377	
7	2180	912	3092	2660	3572		2440	1260	3700	2980	4240		3708	4200	7908	4428	8628	
8	1650	732	2382	2180	1912		1845	1020	2865	2446	3466		2838	3600	6438	3594	7194	
9	1000	72	1072	1500	1572		1120	300	1420	1675	1975		1824	2160	3984	2616	4776	
10	1596	72	1668	1996	2068		1820	300	2120	2235	2535		2664	1860	4524	3252	5112	
10A	1346	72	1418	1696	1768		1545	300	1845	1930	2230		2418	1440	3858	2943	4383	
11	1146	72	1218	1496	1568		1325	300	1625	1710	2010		2052	1380	3432	2577	3957	
12	966	72	1038	1296	1368		1115	30	1415	1490	1790		1740	1200	2940	2265	3465	
13	786	72	858	1046	1118		905	300	1205	1215	1515		1338	1080	2418	1779	2859	
14	606	72	678	846	918		695	300	995	985	1285		1200	960	2160	1632	2592	
15	576	72	648	786	838		660	300	960	905	1205		924	900	1824	1281	2181	
16	496	72	568	650	722		570	300	870	745	1045		801	780	1581	1053	1833	
17	420	72	492	546	618		510	300	810	664	964		750	780	1530	966	1746	
18	336	72	408	464	536		432	300	732	590	890		720	780	1500	900	1680	

Source; Data provided by CSD.

Min = Minimum
Max = Maximum
BS = Basic Salary
Allce = Allowances (as shown in table)
GS = Gross Salary (BS + Allce)

Table 5.9

CIVIL SERVICE

Indices of Gross Salary to Basic Salary, 1978, 1983, 1986

GRADE	July 1978		December 1983		July 1986	
	Min	Max	Min	Max	Min	Max
1	145.6	141.3	164.4	158.6	201.4	
2	150.5	146.7	171.6	166.2	196.3	
3	146.6	143.1	170.6	165.3	212.2	202.3
4	146.7	142.9	173.9	167.7	217.2	206.0
5	135.8	132.5	159.2	153.7	209.6	200.0
6	133.2	129.0	159.8	152.0	202.5	189.9
7	141.8	134.3	151.6	142.3	213.2	194.9
8	144.4	133.6	155.3	141.7	226.8	200.2
9	107.2	104.8	126.8	177.9	218.4	182.6
10	104.5	103.6	116.5	113.4	169.8	157.2
10A	105.3	164.2	119.4	115.5	159.6	148.9
11	106.3	104.8	122.6	117.5	167.3	153.6
12	107.5	105.6	126.9	120.1	169.0	153.0
13	109.2	106.9	133.1	124.7	180.7	160.7
14	111.9	108.5	143.2	130.5	180.0	158.8
15	112.5	109.2	145.5	133.1	197.4	170.3
16	114.5	110.1	152.6	140.3	197.3	174.1
17	117.1	113.2	158.8	146.2	204.0	180.7
18	121.4	115.5	169.4	150.8	208.3	186.7

Basic Salary each year = 100
Gross Salary = Basic Salary plus Allowances shown in Table 5.8.

Table 5.10

CIVIL SERVICE

Percentage Changes in Gross Salary 1978 - 1986

Grade	1978-1983		1978-1986		1983-1986	
	Min	Max	Min	Max	Min	Max
1	124.5	123.4	237.2	221.7	190.5	179.6
2	125.4	124.6	224.3	212.8	178.9	170.7
3	128.0	127.2	223.4	221.6	174.6	174.2
4	130.3	129.3	232.3	229.8	178.4	177.8
5	129.2	128.1	238.8	232.7	184.8	181.7
6	131.7	129.8	240.2	231.4	182.3	178.3
7	119.6	118.7	255.8	241.5	213.7	203.5
8	120.3	119.9	270.3	247.0	224.7	207.6
9	132.5	125.6	371.6	303.8	280.6	241.8
10	127.1	122.6	271.2	247.2	213.4	201.7
10A	130.1	126.1	272.0	247.9	209.1	196.5
11	133.4	128.2	281.8	252.4	211.2	196.9
12	136.3	130.8	283.2	253.3	207.8	193.6
13	140.0	135.5	281.8	255.7	200.7	188.7
14	146.8	140.0	318.6	282.4	217.1	201.7
15	148.1	140.0	281.5	254.2	190.0	181.9
16	153.2	144.7	275.3	253.9	181.7	175.4
17	164.6	156.0	311.0	287.5	188.9	181.1
18	178.9	166.0	367.0	313.4	205.5	188.1

Table 5.11

CIVIL SERVICE

Indices of Real Gross Salary 1978 - 1986

Grade	1978-1983		1978-1986		1983-1986	
	Min	Max	Min	Max	Min	Max
1	36	36	32	30	90	85
2	36	36	31	29	84	80
3	37	37	30	30	82	82
4	38	39	32	32	84	84
5	37	37	32	32	87	86
6	38	37	33	31	86	84
7	35	34	35	33	101	96
8	35	34	37	34	106	98
9	38	36	51	41	132	114
10	37	35	37	34	101	95
10A	38	36	37	34	99	93
11	38	37	38	34	100	93
12	39	38	39	34	95	91
13	41	39	38	35	95	89
14	42	40	43	38	102	95
15	43	41	38	35	90	85
16	44	42	42	35	86	83
17	47	45	42	38	89	85
18	52	48	50	43	97	89

Table 5.12

CIVIL SERVICE

Examples of Gross Salary and Gross Pay, July 1986

	Grade 4		Grade 4		Grade 4		Grade 9		Grade 9	
	£s	%BS	£s	%BS	£s	%BS	£s	%BS	£s	%BS
BS	473.5	100.0	473.5	100.0	473.5	100.0	176	100.0	164	100.0
TA	25	5.3	25	5.3	35	7.4	35	19.9	35	21.3
HA	135	28.5	135	28.5	135	28.5	70	39.8	70	42.7
NW	140	29.6	140	29.6	140	29.6	75	42.6	75	45.7
MA	145	30.6	145	30.6	145	30.6				
Rep.	75	15.8	75	15.8	75	15.8				
Qual.	-	-	40	8.5	30	6.3				
GS	993.5	209.8	1033.5	218.3	1033.5	218.3	356	202.3	344	209.8

	Grade 9		Grade 14		Grade 14	
	£s	%BS	£s	%BS	£s	%BS
BS	218	100.0	100	100.0	122.5	100.0
TA	35	16.1	35	35.0	35	28.6
HA	70	32.1	25	25.0	25	20.4
NW	75	34.4	20	20.0	20	16.3
Other	-	-	25	25.0	-	-
GS	398	182.6	205	205.0	202.5	165.3

	Grade 18		Grade 18		Grade 18		Grade 18	
	£s	%BS	£s	%BS	£s	%BS	£s	%BS
BS	67.5	100.0	72.5	100.0	67.5	100.0	60	100.0
TA	35	51.9	35	48.3	35	51.9	35	58.3
HA	20	29.6	20	27.6	20	29.6	20	33.3
NW	10	14.8	10	13.8	10	14.8	10	16.7
GS	132.5	196.3	137.5	189.7	132.5	196.3	125	208.3
O/T	25	37.0	27	37.2	34	50.4	22.5	37.5
GP	157.5	233.3	164.5	226.9	166.5	246.7	147.5	245.8

Source: Ministry of Finance and Planning Accounting Department.

BS = Basic Salary
TA = Travel Allowance
HA = Housing Allowance
NW = Nature of Work Allowance
MA = Mileage Allowance
Rep. = Representation Allowance
Qual. = Qualification Allowance
O/T = Overtime
Other = Typing Allowance

GS = Gross Salary
GP = Gross Pay (GS + O/T)

Table 5.13

CIVIL SERVICE

BS and GS - Entrants 1979, 1983, 1984

A. University Graduates		
Year	Veterinary Grade/Step	Arts Grade/Step
1	9/8	9/3
2	9/9	9/4
3	9/10	9/5
4	8/1	9/6
5	8/2	8/1
6	8/3	8/2
7	8/4	8/3
8	8/5	8/4

B. Recruited January 1979	Veterinary £s	Arts £s
BS 1/79	1300	1080
BS 7/86	3270	3162
Real BS (a) 7/86 (1/79 = 100)	35	40
(b)	33	39
GS 1/79	1372	1152
GS 7/86	5770	5682
Real GS (a) 7/86 (1/79 = 100)	58	68
(b)	56	65
Recruited July 1983		
BS 7/83	1300	1080
BS 7/86	2838	2184
Real BS (a) 7/86 (7/83 = 100)	100	92
(b)	85	79
GS 7/83	1372	4152
GS 7/86	4998	4344
Real GS (a) 7/86 (7/83 = 100)	166	172
(b)	143	148
Recruited July 1984		
BS 7/84	1455	1210
BS 7/86	2472	2112
Real BS (a) 7/86 (7/84 = 100)	99	102
(b)	86	88
GS 7/84	1755	1510
GS 7/86	4632	4272
Real GS (a) 7/86 (7/84 = 100)	154	165
(b)	133	143

Notes The only allowances included in GS are TA from 1979, plus HA and NW from 1986. The GS is, therefore, assumed to be less than in Table 8.

(a) Real Salary Index using CPI from recruitment month base date to April 1986 eg 1/79-4/86 for January 1979 to July 1986.

(b) Real Salary Index using CPI for the month, three months prior to base date eg 10/78-4/86 for January 1979 to July 1986.

Table 5.14

CIVIL SERVICE

Illustrations of Promotion and Regrading July 1986

Ministry of Labour			Ministry of Finance and Planning		
Current Grade	Recruitment Date	Recruitment Grade	Current Grade	Recruitment Date	Recruitment Grade
7	11/60	14	7	11/80	9
	12/62	14	8	6/68	14
	7/68	14	9	1/84	9
	3/71	9	12	1/74	14
	10/71	9	14	1/81	14
	12/71	9	14	12/81	14
	1/74	9			
	8/77	9			
	1/79	9			
	1/79	9			
8	8/67	14			
	10/68	14			
	2/73	14			
	5/76	9			
	8/79	9			
	11/79	9			
	11/80	9			
	1/81	9			
	5/82	9			
	9/84	8			
12	10/71	14			
	1/73	14			
	2/77	14			
	3/77	14			
	5/77	14			
	2/78	14			
	4/78	14			
	1/79	14			
	11/79	14			
	12/80	14			
13	8/59	18			
	7/65	18			
	9/66	18			
	9/67	18			
	2/68	18			
	7/69	18			
	4/75	18			
	5/75	18			
	1/79	18			
	8/80	18			

Source: Ministry of Labour, Personnel Section, and Wage Section, Ministry of Finance and Economic Planning.

Table 5.15

CIVIL SERVICE

Examples of Estimated Indices of Real Gross Salaries from Recruitment Gross Salary to July 1986 Gross Salary, and Basic Salaries

Individual	Recruitment Grade (1)	Recruitment Grade (2)	Current Grade (3)	Rec.Grade 1986 Real Max BS (4)	Curr.Grade 1986 Real Min BS (5)	Curr.Grade 1986 Real Max BS (6)	Rec.Grade 1986 Real Max GS (7)	Curr.Grade 1986 Real Min GS (8)	Curr.Grade 1986 Real Max GS (9)
1	14	12/62	7	22	50	60	31	96	104
2	14	7/68	7	16	39	46	24	74	81
3	9	12/71	7	19	27	32	33	54	59
4	9	1/74	7	30	43	51	51	85	93
5	9	8/77	7	45	63	76	76	126	138
6	9	1/79	7	55	78	93	62	102	112
7	14	8/67	8	21	36	46	29	73	81
8	14	10/68	8	16	30	38	24	60	67
9	14	2/73	8	27	48	60	39	96	108
10	9	5/76	8	34	37	46	58	78	87
11	9	8/79	8	47	51	64	80	107	120
12	9	11/80	8	58	63	80	99	134	150
13	9	1/81	8	59	64	81	101	136	152
14	9	5/82	8	82	89	112	140	188	210
15	14	10/71	12	22	23	30	30	35	41
16	14	1/73	12	27	29	38	39	44	52
17	14	5/77	12	42	45	59	60	68	80
18	14	4/78	12	47	50	65	66	75	88
19	14	11/79	12	51	54	71	72	82	97
20	18	7/69	13	24	36	47	37	53	63
21	18	4/75	13	40	59	78	61	88	104
22	18	1/79	13	37	55	73	57	82	97
23	18	8/80	13	58	87	115	90	129	153

Source: Compiled from Table 5.14

Notes Col (4): Index 1986 of the Maximum Real Basic Salary of the Recruitment Grade.
Col (5): Index of Real Current Grade Minimum Basic Salary to Recruitment Grade Minimum BS.
Col (6): Index of Real Current Grade Maximum Basic Salary to Recruitment Grade Minimum BS.
Col (7): Index of the 1986 Maximum Real Gross Salary of the Recruitment Grade.
Col (8): Index of Current Grade Minimum Real Gross Salary to Recruitment Gross Salary. Gross Salary = Basic Salary plus Allowances from Table 7.7.

Precise details of the Allowances are not available prior to July 1978. It has been assumed that the ratio of Gross Salary to Basic Salary for the minimum of each grade was the same prior to 1978 as in July 1978.

$$\text{CPI} = \frac{\text{CPI April 1986 - CPI base year}}{\text{CPI Base Year}} \times 100 + 100$$

N O T E S

1. The first was General Abboud's rule during 1958-1964 which was brought to and end by the October Revolution.

2. During this period a number of trade union leaders and leading SCP members held ministerial and other important portfolios.

3. See Mohammed-Taha (1979), p 68.

4. As a result a number of trade union and SCP leaders including the General Secretary of SWTUF were executed.

5. Government of Sudan: The Speech of the President of the Republic to the opening session of the Second People's Council, (Khartoum, 24 May, 1974), p 23.

6. See Mohammed-Taha (1979), op cit, p 164.

7. Government of Sudan, Ministry of Public Service and Administrative Reform: Report of an internal committee, Khartoum, December 1973, p 13.

8. Mohammed-Taha, op cit, p 165.

9. See Abdin et al, op cit, for more analysis on this issue.

10. Government of Sudan: The Ministry of Public Service: The Report of an Experts Committee on Personnel & Administrative Reform in the Public Service, 1973.

11. ibid.

12. Government of Sudan: The Job Evaluation and Classification Scheme Report, 1978, (in Arabic).

13. ibid.

14. ibid.

15. These included jobs such as nursing, post-office sorters and any other job which is not easily dientifiable with one of the two categories.

16. The JECS Report, op cit, p 5.

17. H A El-Tayyeb, The JECS? quoted in Sudanow, April 1979.

18. Of the original 50 locally trained staff, 23 emigrated to Saudi Arabia and other Gulf states, and of the 4 UK-trained only one remained to implement the scheme.

19. El-Tayyeb, op cit.

20. An interview with the Secretary General of the Engineers' Union in National Electricity and Water Corporation quoted in Al-Sahafa newspaper, 27 August 1978.

21. Government of Sudan: The Report of High Commission for revising Pay and Terms of Employment (El-Turabi Commission), 1985.

22. ibid.

23. ibid.

24. Government of Sudan: Civil Service Department: The Report of the Technical Committee on Public Sector Pay, July 1985, p 12.

25. Unfortunately, the numbers and durations of these strikes are not documented.

26. Terms of reference of El-Jack Committee obtained from the CSD.

27. An interview with Professor El-Jack of University of Khartoum conducted by the researcher.

28. Interviews with some officials (including the Under-Secretary) in CSD carried out by the researcher during the field work in March-September 1986.

29. Social and cultural factors play an important role in the superior-subordinate relationship in the Sudan. For example, knowing that the employee's performance has not been satisfactory, the boss may be reluctant to write an unfavourable report because of friendship or because he knows that the employee has a large family to feed. In such a case, the boss may consider it unfair to write a report which would eventually deprive the employee of his/her annual increment.

30. According to the public service regualtions mileage allowance is payable for the use of a private car for official duties, but in practice the mere possession of a car is sufficient to claim the allowance.

31. The CPI for lower salaries has risen during the period at a slightly higher rate, about 6 per cent. If the figures for lower salaried had been used, indices of real basic salaries would have been reduced a little. The latest available CPI is for April 1986 and this has been used to calculate the July real basic salary index. The actual figures will be somewhat lower than those shown in Table 5.6 as a result of inflation between April and July 1986.

32. Although the mileage allowance may not be payable toall employees and thus not a standard allowance according to our own definition, it, nevertheless, included in the gross salary analysis because the numbers might be receiving the allowance are believed to be larger than those not receiving it.

33. See ILO (1987c), pp 18-22.

34. Chapter 6 of the 1975 Public Service Regulations spells out the basis of promotion. Accordingly, evaluation for selection shall be made by giving, consecutively, the highest weight to performance then to educational qualifications relevant to the post of promotion concerned and lastly to seniority ranking in accordance with the following ratios:

    a) 70% for performance;
    b) 20% for educational qualifications relevant to the promotion post concerned in case of officials and in the case of workers consideration shall be given to technical, industrial and trade certificates;
    c) 10% for seniority.

35. The real change in GS and BS in Table 5.13 is measured in two ways. Method (a) deflates the increase in money terms by the CPI from the date of recruitment to April 1986 as the July 1986 CPI figure is not available. Method (b) seeks to allow for the fact that only April 1986 figure is available by basing the price movements on a period three months prior to the date of recruitment thereby including the increase in prices for an equivalent full period.

36. ILO (1987c).

37. One newspaper recently reported that since the uprising of April 1985 there has been at least one strike every week.

38. An interview with the Assistant Under-Secretary for Research, Ministry of Finacne, Khartoum, May 1986.

39. An interview with some members of the Executive Committee of SWTUF, Khartoum, June 1986.

C H A P T E R S I X

PAY LEVELS AND TRENDS IN THE PARASTATALS SECTOR 1970 - 1986

6.1. INTRODUCTION

The parastatal sector is taken here to comprise all public sector organisations outside the civil service. As seen in Chapter 4, this sector is a large emplpyer of wage labour in the urban labour market and is engaged in activities in all sectors of the economy. The industrial organisation of the sector is complex, but for purposes of considering issues of pay, three categories can be identified:

1) Public Authorities (PAs);

2) Public Corporations (PCs);

3) Public Companies (PCOMs).

The government, through the Civil Service Department, determines the pay for public authorities and public corporations. Public companies, on the other hand, are organised under the 1925 Companies Act and essentially set their own terms and conditions of service, and thus are similar to private companies more than public authorities and corporaions where wages and salaries are concerned.

In the absence of regular statistical information on the public sector and in order to appreciate the way in which the pay, allowances, and grading provisions were applied in practice, it was decided to collect

examples of relevant data from a number of parastatals. Limitations of time and resources, meant that only a few organisations willing to allow access, could be consulted, thus, providing limited illustrations of pay and allowances rather than the more extensive (though in a LDC certainly less reliable) information to be expected from the use of sample survey techniques. Information was sought from six organisations of which one was a public authority (Sudan Railways Corporation, SRC), four public corporations (the National Electricity Corporation, NEC, the General Petroleum Corporation, GPC, the Sudan Airways Corporation, SAC, and the Earthmoving and Irrigation Corporation, EMIC) and one a major bank (the Bank of Khartoum) a government owned public company. These organisations were chosen because they are relatively large employers, thought to have proper pay records and were more willing to grant access to the required data through formal and informal channels.

It may be an exaggeration to claim that these organisations are representative samples of the parastatal sector. However, given the general absence of data about pay and allowances in the public sector, it is difficult to know how representative or otherwise any selection of public organisations would be. Nevertheless, these six organisations employ more than 55,000 people (ie, about the third of total parastatal employment) from different occupations, and it would be highly improbable that their pay structures are typical. As might be expected, it was not possible to collect information from each organisation in a standard form. Some organisations could not produce all the information requested while generally poor record-keeping meant that time-series data were virtually non-existent. In consequence although the analysis of pay is inevitably less than comprehensive it will at least be indicative of the public sector in the current decade, and of the pay policies which government is attempting to implement.

6.2. A BRIEF BACKGROUND

In the analyses of previous chapters no distinction has been made in pay structure and determination between the civil service and the parastatals. In fact, there was no need for such a distinction prior to 1970. The pay structure and terms of employment of the civil service were more or less universally applied in the entire public sector. However, public corporations such as Sudan Railways, Sudan Airways, Industrial Development Corporation, etc, were allowed to add two increments (commonly known as corporation allowance) to their employees basic pay rates.(1)

With the nationalisation and confiscation measures of May 1970, a large number of commercial and industrial enterprises previously under private ownership came under the government control. As a result of this marked expansion in the non-civil-service government sector, a new situation emerged in respect of pay policy and determination in the public sector as a whole. The newly state-controlled enterprises, not unexpectedly varied considerably in activity, size, management and pay policies and practices.

The need to standardise and harmonise the different pay rates in the new extended public sector was immediately felt, but the main concern was how to fix a practical unified pay structure which was generally consistent (though not equal) with that of the civil service. To serve this purpose, a central bureau for the personnel administration of the public corporations sector was established within the Ministry of the Public Service and Administrative Reform. Among its functions were: co-ordination of the terms of service for different public sector organisations; laying down of general principles that should govern the pay and terms of service; and regular inspection to ensure proper application of principles.

Under the auspice of this bureau, a committee was formed in 1972 to examine the pay structures of the corporations and to recommend a 'unified' structure. It proposed a structure composed of seventeen grades and pay rates ranging from a minimum of £s14 to a maximum £s300 a month. The implementation of these proposals faced considerable difficulty and eventually it was decided to adopt the new pay rates and to form two new committees entrusted with the task of conducting 'proper' job classification exercises in the corporations sector. Apparently, the two committees - one for the blue collar workers and the other for white collar - reflected the similar practice in the civil service.

The Workers Committee, using the same 'points system' method adopted earlier by the UWC (1968), prescribed four main grades of manual workers and the lowest grade segmented further into four sub-grades, thus providing the same number of pay scales as was in the civil service. The government accepted the Committee's proposal in December 1974 and it was enforced back-dated to July. The instituted wage scales reported to have exceeded corresponding pay rates in the civil service by amounts ranging between 7 per cent and 10 per cent.(2)

The other committee (for white collar staff) maintained the 17 grades recommended by the 1972 Committee on the grounds that they were 'reasonable' to contain all the jobs of this category of employees.(3) These grades were divided into four main classes: top management; middle management; executives and clerks. Moreover, apparently influenced by the professionals 'cadre' system prevailing in the civil service, the Committee proposed creation of special cadres for: the engineers; agriculturalists; typists; secretaries; and technicians. The salary rates of these cadres, however, stemmed from the scales of the basic structure and no extra premium had been granted for these categories. But, a number of scales had been rolled into one long scale divided by

'efficiency bars'.

The resultant pay scales were considerably higher than the pay for corresponding groups in the civil service. It was reported that corporations' engineers, technicians, university graduates and secondary school leavers were paid 28 per cent, 27 per cent, 21 per cent, and 25 per cent respectively higher than their central government colleagues.(4)

Nevertheless, the corporation's sector's pay as established by these two committees was not the highest within the whole public sector. There were a number of autonomous bodies within the sector which evidently had paid considerably higher wages and salaries as compared with both government and other public corporations. For example, The Sudan Development Corporation was found to be paying its employees salaries which exceeded in 1974 corresponding salaries in the civil service and the corporation sector by 78 per cent and 50 per cent respectively. This was also true for University of Khartoum, commercial banks and the specialised banks.(5) These 'High-paying Islands'(6) within the public sector caused problems of considerable magnitude for the government. They were (and still are) always a major source of complaints about the inequalities in pay on the part of comparable groups in the public service. The developments since 1974, and the current grading, pay scales and allowances' provisions will be discussed in the following sections.

6.3. GRADING SYSTEMS

Formally there are two parastatals' standard grading systems and salary scales, one for the public authorities (PAs) and the other for public corporations (PCs). According to the CSD circular No. 23 (18

August, 1985), the PAs' schedule is applicable to:

1) Sudan Railways Corporation;
2) River Transport Corporation;
3) staff of research corporations, units or centres other than research staff; and
4) staff of judiciary other than judges.

The public authorities have the same grading classification system as the civil service (CS) ie, 19 grades with the same number of incremental steps. The public corporations, however, operate a different grading system, and as will be seen below, have a higher basic salary structure. The PCs' grade structure extends to 23 grades, and comparing it to the CS and PAs' structure, grade 10A has been omitted, grade 16 has been extended to 16A and 16B, grade 17 to 17A and 17B and grade 18 has been divided into four grades, 18(4) - 18(1). The PCs' grades have been equated to the CS and PAs' grades as appropriate. Thus, grade 9 which is the university graduate entrance grade for CS and PAs' schedules, becomes grade 12; grade 14, the secondary school entrant grade, becomes grade 17A; and grade 18 for unskilled workers becomes grade 18(1); the lowest of the four categories of grade 18 in the PCs' classification system.

Examination of the case studies contained in the Appendix, clearly indicates that individual organisations do not strictly follow the grading systems specified for them by the CSD, and in practice there are widespread modifications and adaptations. For example, according to the formal provisions, Sudan Airways should have been applying the PCs' schedule yet it is operating an 18-graded schedule (the PAs' structure minus grade 10A). Moreover, it has separate grading systems for its aircrew and ground engineers. This is also true for the NEC which uses the PAs' structure of grades though it is a public corporation. The

EMIC, on the other hand, uses a combination of the two standard systems. For the classified employees it adopts the PAs' grades and for the unclassified employees it adopts the PCs' grades after renumbering them from 15 - 18(1) to grades 1 - 7.

The Bank of Khartoum uses a different grading system consisting of two separate schedules for classified and unclassified staff. The classified staff schedule has 12 grades (1 - 10 plus 1A and 10A) and six grades (8B, 9B, 10B and 11 - 13) are specified for the unclassified workers. As a public company, the Bank is not expected to follow either of the systems for the PCs or PAs. Under the provisions of the 1925 Companies Act, the Board of Directors have full freedom to establish their own grading systems. Thus, it would be unsurprising to find public companies with very different grading classification systems.

Interviews with responsible personnel in the Civil Service Department revealed that the increased number of grades in the PCs relative to the CS and PAs' grades, was intended to provide the flexibility required to accommodate the diversity of jobs in the public corporations. However, it was not easy to discover why individual organisations opted to apply schedules incompatible with the formal provisions set by the CSD, though it is possible that their choice of schedules reflects attempts to enhance pay. The extent to which different grading systems permit differentiations in the pay scales, is the subject of the next section.

6.4. PAY SCALES

Two standard salary scales set by the civil Service Department are attached to the two standard grading systems discussed in the previous section. The PAs have increased their basic salary scales by add-

ing two increments to the civil service scales. The public corporations also pay higher basic salaries. Details of the grading structure and basic salary scales in July 1986 for the two types of organisation and for the civil service are shown in Table 6.1. The PCs' grades have been equated to the equivalent grades in the CS and PAs. Figures in Table 6.1 show that the PAs pay their staff basic salaries which exceed the CS salaries by amounts varying between 4 and 11 per cent . It is particulaly evident that the skilled workers receive the highest premium. In view of the national shortages of skilled labour, ceteris paribus, this may suggest that the labour market is working efficiently. But, it would be premature to pass judgements on the functioning of the labour market on the basis of one differential. Full analysis of pay differentials and their behaviour over time will be provided in Chapter 7.

Table 6.1 also shows that the PCs pay premia over the civil service pay scales amounting to 1.5 - 7 per cent. Although the majority of the PCs grades achieve premia that exceed the comparable PAs premia over the civil service, some grades receive less in terms of basic salary than equivalent grades in PAs. For example, a university graduate in the PCs (in grade 12) receives about 17 per cent higher minimum basic salary than his civil service counterpart; an equivalently graded graduate in the PAs receives an 8 per cent premium. On the other hand an unskilled worker at the bottom of the pay structures in each organisation, receives an 8 per cent premium in the PAs and 5 per cent in the PCs. Wide variations exist among the premiums paid to the employees in the public corporations. For instance, university graduates who earn 16.8 per cent more on entry, achieve only 6 per cent more by the time they have reached the top of the senior executive officer scale or its equivalent. Skilled and semi-skilled labour receive higher premia than the unskilled labour, but when they become senior skilled

labour this advantage fades away; when they reach supervisory status (grades 15 and 16B), however, the initial advantage is more than restored: at these levels they are paid almost treble the premia received by the unskilled workers. In very broad terms, the skilled labour category receives relatively less amounts of premia than other occupational categories, particularly the fresh university graduates. This clearly refutes any belief that the wage system is operating to allocate labour efficiently in an economy characterised by apparent high levels of graduate unemployment and general shortage of skilled labour.

The percentage excess of both PAs and PCs salary scales over the civil service scales is greatest at scale minima levels. This means that, for two employees recruited at the same time, one in the civil service and the other in public authority or a public corporation, the initial relatively high differential may contract by the time they have moved up to the top of their corresponding grades. This may be one of the policy measures of the government to remove pay disparities amongst public sector employees, although their intentions have not been made formally explicit.

Detailed analysis of pay scales in the six parastatals are contained in the case studies (see the Appendix).[7] Evidently, all these organisations have adapted and modified the two formal standard basic salary scales prescribed for their type of organisation. The extent of these modifications are shown in Tables 6.2 and 6.3.

In Table 6.2, the Sudan Railways Corporation (SRC), the public authorities case study example, applies the pay scales of the public corporations. Although application of the PC scales should cause some grades in SRC to receive less basic salary than comparable grades in other public authorities, for the majority it means a substantial relative incease. SRC employees in the predominantly classified grades 1 - 12

receive premia varying from just under 1 per cent to 14 per cent over corresponding grades in similar PAs. On the other hand, SRC grades 13 - 18 are paid basic salaries approximately 1 to 4 per cent lower than comparable grades in the PAs' standard classification system.

Table 6.3 shows the magnitude of the modifications in the basic salary scales of four public corporations. The National Electricity Corporation (NEC) has modified the PCs standard pay scales by adding a premium to each scale, except for grades 1 and 9 (the latter corresponding to grade 12 in the PCs' system). As a result, NEC pays its staff basic salaries which exceed the officially set scales by up to nearly 38 per cent. However, although grades 5 - 8 receive relatively substantial amounts of premium, for the remaining grades the premium does not exceed 10 per cent. The General Petroleum Corporation (GPC), also, pays its employees a premium on every step of every grade scale, together with the operation of an additional step plus premium to grades 12, 13, 17A and 18(1), and two extra steps with premium to grade 18(2). The net outcome of these modifications is relatively augmented basic salary scales in the GPC with standing differentials of 3 to 30 per cent above the formal scales laid down for public corporations in general (Table 6.3, col. 7).

The effects of altering standard salary scales in Sudan Airways Corporation (SAC) are shown in column 8, Table 6.3. Basic salaries of SAC general staff (excluding aircrew and ground engineers who have separate pay schedules) are raised by amounts varying from 1 to 25 per cent. Grades 1 to 4 and the minima of grades 8 and 9, however, do not differ from the formal basic salary rates laid down the governmentfor PCs.

The NRC, GPC, and SAC are among the corporations not covered by the 1976 Public Corporations Act. They have been established under their own special acts. Prior to the 1985-86 pay revision, their salary scales

were individually determined by the government in consultation (and not through negotiation) with the corporations. As a result, they were among the 'High-paying Islands' mentioned earlier which was accustomed to paying basic salaries (as well as allowances and benefits) considerably higher than those paid by similar corporations under the 1976 Act. For example, the GPC was paying up to 57 per cent differential to its employees in 1983, in comparison with other public corporations. As illustrated in the case studies, government attempts within the 1985-86 revisions to remove discrepancies and introduce uniformity by applying a single standard schedule have generally failed. Individual organisations like GPC showed an extensive degree of resistence, and through strikes or threats of industrial action have been able to retain differentials through the payment of special premia over and above the standard pay scales set by the Civil Service Department. This may partly explain the prevalence of differentials between public corporations which do not come under the umbrella of the 1976 Act. However, it is evident that those corporations which are covered by the Act have also managed to modify their salary scales. Column 9, Table 6.3 shows that although the Earthmoving and Irrigation Corporation (EMIC), for example, has retained the formal provisions for the PCs for its classified employees, it has adapted the basic salary scales for the unclassifield. In modifying its pay scales, the EMIC has dropped the first two or three incremental steps, and added additional steps, thereby extending the scale. Grade 6 retains the starting level of grade 16B in the PCs, but has two additional steps. The EMIC scales (with the exception of grade 6) are, therefore, higher than those of the PCs with differentials of up to 15 per cent.

While it might appear then that the provision of three standard grading and pay scale classification systems to cover the civil service, public authorities and public corporations would lead to some degree of

uniformity and predetermined relationships between them, such is clearly not the case. The ability of individual organisations to modify both the grading systems and basic salary scales, as illustrated in the case studies, has led to considerable variation and diversity in pay from one organisation to another, and removed any possibility of achieving a uniform job evaluated pay structure for the public sector organisations in the Sudan. Furthermore, in addition to higher basic salaries, pay disparities have been aggravated by the payment of better allowances to parastatal employees, discussed in the following section.

6.5. ALLOWANCES AND BENEFITS

The allowances introduced following the 1985-86 adjustments for central and regional government employees also apply to the parastatals, and at least the standard allowances, (housing, nature of work, travel, and representation allowances) are meant to be identical with those of the civil service. However, what happens in practice, may suggest otherwise. For example, Table 6.4 shows that SRC has modified the standard housing allowance set by the CSD for the civil service as well as PAs and PCs. Figures reveal that except for grades 5-9, which surprisingly receive relatively less HA, for the rest of the grades the allowance has been increased substantially and for many it has been doubled.

It has been reported that the EMIC pays standard allowances at the same rates as the civil service. However, examination of wage sheets and examples shown in the Appendix TableA6.4 (EMIC case study) indicate that transport allowance is paid at a higher rate than the civil service.

The Nature of Work Allowance, is not paid to the staff in GPC, who receive instead 25 per cent of their gross salary as a Petroleum Allowance. The initial provision was that Petroleum Allowance should be a

percentage of the basic salary. The GPC has succeeded in modifying the provision and, at present, the allowance is calculated on the basis of gross salary and not basic as was provided. For grade 1 in GPC this modification has increased the yearly allowance from £s2523.5 to £s5329; indicating that Petroleum Allowance which - in theory at least - ought to equate to the standard NW allowance, is double that allowance.

The extent of the possible variety of allowances and their total budgeted costs can further be seen in Appendix TableA2.2 (NEC case study), which shows the 1986-87 budget provisions for NEC. There are rather more allowances in this corporation than in others possibly because of the special work requirements. Petrol allowance for meter readers would not be paid in other organisations and on-call and field work allowances may be higher than in more typical organisations. Altogether 22 different types of allowances are payable to NEC employees. Moreover, allowances excluding shift and overtime payments, account for 82.5 per cent of the budgeted basic salary costs. Housing allowance is nearly 25 per cent of BS and Nature of Work plus similar special engineering allowance amounts to another 25 per cent of total basic salary. Transport allowance, which includes reimbursement of costs incurred in travel on official duties adds about a further 21 per cent to labour costs. Generally, all allowances and premia (such as overtime and shift work) together increase the BS total by 134.8 per cent and the inclusion of the pension contributions raises the BS costs by 144.3 per cent. The total labour costs budgeted for the financial year 1986-87 for the NEC are almost two-and-a-half times the total basic salaries.

Some organisations may have special allowance provisions which are not generally applicable. For example, it has been reported that, not-withstanding the provisions of the Resolution of the Council of Ministers No. 985 dated 14.8.1985, which specifies how, when and to whom allowaces

must be paid, some members of university staff may receive the correction allowance even though they are not involved in normal examination marking.(8)

Thus, as the case studies illustrate, public organisations have used allowances to boost pay. There is now considerable diversity in allowances among these organisations and there are numerous instances where they are proportionately and absolutely more important in relation to basic salary than in the civil service.

Furthermore, the case studies clearly indicate that public organisations have found ways to increase the compensation levels of their employees relative to civil servants through excessive overtime working, fringe benefits and bonus programmes. It would appear from the examples in the case studies that some manual workers work considerable amounts of overtime which increases their gross pay, in some instances by an amount equivalent to their basic salary. There may be good reasons why regular or large amounts of overtime are necessary in some organisations, but as some examples have shown, in practice, there is a considerable abuse of the system with many workers deliberately postponing work from normal hours to justify the more generously paid overtime hours. Given the general over-staffing in the public sector and the desire to expand employment opportunities, careful consideration should be given to the possibility of reducing consistent overtime working, and if there are insufficient labour resources when manpower requirements are determined by rational performance criterion, extra posts could be established.

Public organisations also have much greater latitude than the civil service to provide fringe benefits and to devise incentive schemes, which serve to enhance earnings substantially. For example, SRC provides housing at nominal rents to a relatively large numbers of its employees; NEC rents houses for its senior staff and provides cars with petrol,

maintenance and sometimes with drivers. Another example involves the provision by GPC of free medical care to its staff and their families; a benefit of immense value in a country without a national health insurance system.

Moreover, some parastatals provide generous staff loans for house or car purchase and other purposes repayable over relatively long periods.(9) A Bank of Khartoum employee is entitled to a house loan after seven year's service to the value of 60 month's basic salary with interest free repayment by monthly instalments equal to 25 per cent of gross pay; a half per cent of the total amount of the loan is payable as an administrative charge.

Public corporations have more opportunities to increase their staff emolument through incentive schemes which are intended to reward productivity through cash bonuses. Ironically, in practice some organisations pay the bonus though they are running at a loss. For many parastatal employees annual bonus of up to two months basic salary has become an integral part of remuneration and any proposed withdrawal may lead to industrial action.

6.6. OTHER INFLUENCES ON PAY

Grade drift appears to be one of the factors influencing pay. The absence of a job evaluation system enables individual organisations to restructure their grading system in a way that may considerably enhance the gross pay of some or all employees in the organisation. It can be seen from the case studies this is pronounced in a number of parastatals. For example, the reduction of non-crew posts by 25 per cent between 1980 and 1986 led to practically the same increase in the average basic salary of the retained staff. Average gross salary was 20

per cent higher than it would have been if the grade structure had remained the same as in 1980. The upgrading of 83 senior posts in Sudan Railways in April 1986 is another example. The practice of stopping recruitment at lower grades while filling vacancies at higher grades by internal promotion in the EMIC will also lead to a grade drift; a phenomenon which is possibly more common in the parastatals than in the civil service.

The case studies reveal that parastatal unions have been effective in expediting the gains to their members and bringing about increases in effective pay particularly through improved allowances, benefits and bonus schemes. The fact that the demand for the services of some of these organisations - the electricity is an extreme example - is highly inelastic appears to be providing a further element of strength for parastatals' unions. In a situation where the degree of unionisation is largely irrelevant, as the case in the Sudanese public sector where there is virtually 100 per cent membership, such 'demand for commodity or service' factor can be significant in determining the relative strength of unions.

6.7. BASIC SALARY TRENDS

The periodic pay adjustments in the civil service apply in the parastatal organisations as well. Table 6.5 shows the basic salary scales of public corporations in 1974, 1978, and 1986, the years in which these revisions took place. The magnitude of the changes between 1974 and 1986 is illustrated in Table 6.6. In 1978, following the implementation of the JECS, increases varying from 23 to 90 per cent were advanced to PC employees. However, the 1983 revisions provided more moderate increases and with the exception of the two bottom grades basic salaries were raised by 10 to 15 per cent; the 1986 increases were of the order 23 to 63 per cent. In comparison with changes in civil service

basic salary scales these increases were slightly lower in 1978 and 1986 but roughly equal in 1983. Taking the period 1974 - 1986 as a whole, nominal basic salaries in the civil service increased by 119 - 264 per cent comparable to increases of 77 - 258 per cent for public corporations. Table 6.7 shows that real basic salaries of PC employees in 1986 were 13 - 26 per cent of the 1974 level or 18 - 29 per cent of 1978 levels. It was evident in the previous chapter that the real BS of civil servants in 1986 were 16 - 27 per cent of 1974 levels or 19 - 29 per cent of 1978 levels, indicating that they were slightly better than the comparable figures for the PC. This may suggest that the government has attempted, though not through drastic measures, to introduce a more egalitarian pay policy throughout the public sector. If this was the policy, it has totally failed because of the almost total lack of control exercised over the payment of allowances which represent a major component of employees emoluments.

Little has been said in this chapter about the pay levels in the public companies, primarily because of the lack of reliable information. However, the Bank of Khartoum case study provides an indication of pay determination process and pay levels in this part of the public sector, and this is to be discussed in Chapter 8. In the meantime, it appears that pay in public companies is relatively higher in comparison with other parastatals and certainly the civil service. This could be attributed to the fact public companies are unconstrained by government regulations and have a wide margin of opportunity to adapt terms and conditions of employment by unilateral management decisions or forms of collective bargaining. In recent years a number of public corporations have asked to be converted to public companies and some parts of the civil service to become public corporations. Such moves could only be explained in terms of the financial gains that would result from such

convertion. It was understood that the transformation of the Cotton Corporation to a public company in 1985 resulted in an increase of at least 50 per cent in staff's gross pay. A pay increase of 30 - 60 per cent occurred to the Civil Aviation employees when it was converted from a department in the Ministry of Defence to an autonomous corporation in 1986. Thus, the exact form of organisation is very significant because it determines the individual organisation's ability to adapt and modify its terms of service.

6.8. CONCLUSION

In principle, there are formal pay and grading classifications determined by the Ministry of Finance and Economic Planning for public authorities and public corporations. The public companies, on the other hand, have full authority to set their own terms of employment at the discretion of the boards of directors. These formal provisions allow for moderate differentials in basic pay scales between the civil service and public corporations and authorities in line with the recognised differences in the nature of work, working conditions and the role of different organisations. In practice, however, through the exertion of political and/or industrial power, these organisations have created for themselves a wide range of opportunities to increase the effective pay of their employees. They have been able to modify basic salary scales, to mushroom allowances and to restructure their grades, and thus considerably to icnrease the gross pay of their staff well above the levels allowed by formal provision. Various factors have facilitated such modifications. The first is that historically some of these corporations were accustomed to setting their own terms, and traditionally enjoyed relatively higher remuneration. Attempts by government to bring these

organisations under its direct control were largely defeated because employees were not willing to depart from historical practices. The second is that unions in some of these organisations are particularly strong, not least because of the inelastic demand for products and services provided (eg, transport, electricity, petroleum, etc). The third factor stems from the absence of common standards of job evaluation, performance, appraisal and classification which makes it difficult to determine 'adequate' relative pay levels. The fourth is that employees in some corporations believe that their work and qualification entitle them to comparable pay levels with public company employees. These considerations leaves one with the suspicion that existing intra-sectoral pay differentials can seldom be justified on equity or efficiency grounds. Chapter 7 sheds more light on the issue of pay differentials in the public sector. It is intended to provide further evidence regarding the relative strength of market verus institutional forces in the pay determination process in the public sector in the Sudan.

TABLE 6.1

Comparison of Public Sector Salary Scales, July 1986

Occupational Classification	Grade and Salary Scales			% excess of PA over CS		Grade & Salary Scales Public Corporations		% excess of PC over CS	
	Grade	Civil Service	Public Authorities	Min	Max			Min	Max
Under Secretary & Man. Director	1	8400	8800		4.8	1	8900		6.0
General Manager	2	7600	8000		5.3	2	8100		6.6
Deputy Under Sec.	3	6204-6804	6504-7104	4.8	4.4	3	6864-7464	10.6	9.7
Deputy Under Sec.	4	5682-6282	5982-6582	5.3	4.8	4	6540-7140	15.1	13.7
						5	6168-6648		
						6	5808-6288		
Asst. Under Sec.	5	4980-5460	5220-5700	4.8	4.4	7	5208-5688	4.6	4.2
	6	4332-4932	4572-5172	5.5	4.9	8	4452-5172	2.8	4.9
Sen. Exec. Officer	7	3708-4428	3948-4668	6.5	5.4	9	3972-4692	7.1	6.0
						10	3624-4344		
Exec. Officer	8	2838-3594	3054-3810	7.6	6.0	11	3288-3936	15.9	9.5
Entry Grade University Grad.	9	1824-2616	1968-2768	7.9	5.8	12	2130-2922	16.8	11.7
Chief Clerk	10	2664-3252	2832-3420	6.3	5.2	13	2916-3420	9.5	5.2
Teachers & Technicians	10A	2418-2943	2568-3093	6.2	5.1	14	2754-3279	13.9	11.4
Supervisors of	11	2052-2577	2202-2727	7.3	5.8	15	2310-2835	12.6	10.0
Skilled Labour	12	1740-2265	1890-2415	8.6	6.6	16B	2031-2586	16.7	12.8
Senior Skilled Labour	13	1338-1779	1464-1905	9.4	7.1	17B	1404-1845	4.9	3.7
Entry Grade Sec. School Grad.	14	1200-1632	1308-1740	9.0	6.6	17(A)	1278-1656	6.5	1.5
Skilled Labour	15	924-1281	1026-1383	11.0	8.0	18(4)	1008-1365	9.1	6.6
Semi-skilled Labourer	16	801-1053	823-1125	2.7	6.8	18(3)	858-1110	7.1	5.4
	17	750- 960	810-1020	8.0	6.3	18(2)	786- 996	4.8	3.8
Unskilled Labourer	18	720- 900	780- 960	8.3	6.7	18(1)	756- 936	5.0	4.0

Source: Civil Service Department

TABLE 6.2

Annual Basic Salary Scales of PAS and SRC and the Index of SRC/PAS 1986

Grade	PA BS Min	PA BS Max	Grade	SRC BS Min	SRC BS Max	Index SRC/PA* Min	Index SRC/PA* Max
1	8800		1	8900		101.1	
2	8000		2	8100		101.3	
3	6504	7104	3	6864	7464	105.5	104.5
4	5982	6582	4	6540	7140	109.3	108.5
5	5220	5700	5	5808	6288	111.2	110.3
6	4573	5172	6	5208	5688	113.9	110.0
7	3948	4668	7	3972	4692	100.6	100.5
8	3054	3810	8	3288	3936	107.6	103.3
9	1968	2760	9	2130	3922	108.2	105.9
10	2835	3420	10	2916	3420	102.7	100.0
10A	2568	3093	10A	2753	3279	102.2	106.0
11	2202	2727	11	2310	2835	104.9	104.0
12	1890	2415	12	2031	2556	107.5	105.8
13	1464	1905	13	1404	1845	95.5	96.9
14	1308	1740	14	1278	1656	97.7	95.2
15	1026	1383	15	1008	1365	98.2	98.7
16	873	1125	16	858	1110	98.3	98.7
17	810	1020	17	786	996	97.0	97.6
18	780	960	18	756	936	96.9	97.5

Source: Compiled from Appendix Table A.1.6.

SRC = Sudan Railways Corporation
PA = Public Authorities
BS = Basic Salary
Min = Minimum
Max = Maximum

*PA BS = 100

TABLE 6.3

Annual Basic Salary Scales of NEC, GPC, SAC, EMIC and Indices over PC Scales, 1986

Grade	PC BS Min–Max (1)	Gde	NEC BS Min–Max (2)	Grade	GPC BS Min–Max (3)	Gde	SAC BS Min–Max (4)	Gde	EMIC BS Min–Max (5)	Index NEC/PC Min–Max (6)	Index GPC/PC Min–Max (7)	Index SAC/PC Min–Max (8)	Index EMIC/PC Min–Max (9)
1	8900		8900		10094		8900		8900	100.0	113.4	100.0	100.0
2	8100		8151		8448		8100		8100	100.6	104.3	100.0	
3	6864–7464	3	7116–7716	3	7571–7769	3	6864–7464	3	6864–7464	103.7–103.4	110.3–104.1	100.0–100.0	100.0–100.0
4	6540–7140	4	6792–7392	4	7072–7222	4	6540–7140	4	6540–7140	103.9–103.5	108.1–103.3	100.0–100.0	100.0–100.0
5	6168–6648			5	6774–6855			5	6168–6648		109.8–103.1		100.0–100.0
6	5808–6288			6	6301–6361			6	5808–6288		108.5–103.1		100.0–100.0
7	5208–5688	5	6510–6990	7	6004–6283	5	6168–6648	7	5208–5688	125.0–123.0	115.3–110.5	118.4–116.9	100.0–100.0
8	4452–5172	6	6108–6588	8	523405555	6	5574–6054	8	4452–5172	137.7–127.4	117.6–107.4	125.2–117.1	100.0–100.0
9	3972–4692	7	4902–5592	9	4804–5404	7	4902–5583	9	3972–4692	123.4–119.2	120.9–115.2	123.4–119.1	100.0–100.0
10	3624–4344			10	4193–4793			10	3624–4344		115.7–110.3		100.0–100.0
11	3288–3936	8	4230–4876	11	3799–4327	8	3288–4206	11	3288–3936	128.2–123.9	115.5–109.9	100.0–106.9	100.0–100.0
12	2130–2922	9	2130–2922	12	2777–3683	9	2130–2922	12	2130–2922	100.0–100.0	130.4–126.0	100.0–100.0	100.0–100.0
13	2916–3420	10	3081–3585	13	3140–3707	10	2952–3765	13	2916–3420	105.7–104.8	107.7–108.4	101.2–110.1	100.0–100.0
14	2754–3279	10A	2754–3423	14	2976–3534			14	2754–3279	100.0–104.4	108.1–107.8		100.0–100.0
15	2310–2835	11	2310–2940	15	2589–3078	11	2646–3435	7	2535–3060	100.0–103.7	112.1–108.6	114.5–121.2	109.9–107,9
16B	2031–2556	12	2046–2640	16B	2321–2813	12	2181–2811	6	2031–2706	100.7–103.3	114.1–110.1	107.4–110.0	100.0–105.9
16A	2806–2481			16A	1018–2613						11.7–108.3		
17B	1404–1845	13	1470–1995	17B	1648–2098	13	1560–2169	5	1530–2034	104.7–108.3	117.4–113.8	111.1–117.6	109.0–110.2
17A	1278–1656	14	1347–1779	17A	1495–1909	14	1509–1980			105.4–107.4	117.0–115.3	117.2–119.6	
18(4)	1008–1365	15	1044–1476	18(4)	1150–1543	15	1104–1575	4	1161–1518	103.6–108.1	114.5–113.0	109.5–115.4	115.2–111.2
18(3)	858–1110	16	915–1212	18(3)	1024–1246	16	894–1251	3	966–1218	106.6–109.2	119.3–112.3	104.2–112.7	112.6–109.7
18(2)	786– 996	17	828–1098	18(2)	918–1176	17	828–1095	2	846–1086	105.3–110.2	116.8–118.1	105.3–109.9	107.6–109.0
18(1)	756– 936	18	795–1005	18(1)	824–1040	18	792–1011	1	816– 996	105.2–107.4	109.1–112.1	104.8–108.0	107.9–106.4

Source: Compiled from various tables in the Case Studies.

PC = Public Corporations
NEC = National Electricity Corporation
GPC = General Petroleum Corporation
SAC = Sudan Airways Corporation
EMIC = Earth Moving & Irrigation Corporation
BS = Basic Salary
Gde = Grade
Min = Minimum
Max = Maximum

Table 6.4

Annual Housing Allowance in SRC in Comparison with the Standard Allowance, 1986

Grade	Housing Allowance Standard £s	SRC £s	Index SRC/Stan.
1	1800	3300	183.3
2	1800	2760	153.3
3	1800	2340	130.0
4	1680	1980	117.0
5	1560	1440	92.7
6	1440	1200	83.3
7	1320	900	68.0
8	1080	720	66.6
9	900	720	80.0
10	600	720	120.0
10A	420	720	171.4
11	360	720	200.0
12	300	600	200.0
13	240	600	250.0
14	240	480	200.0
15	180	360	200.0
16	120	300	250.0
17	120	240	200.0
18	120	240	200.0

Source: Compiled from Appendix Table A.1.5.

Standard: the formal housing allowance provided by the CSD for Civil Service as well as PAs and PCs.

Table 6.5

PUBLIC CORPORATIONS

Annual Basic Salary Scales in 1974, 1978, 1983 and 1986

Grade	1974 BS Min	1974 BS Max	1978 BS Min	1978 BS Max	1983 BS Min	1983 BS Max	1986 BS Min	1986 BS Max
1	3400		5350	5850	5880	6440	8900	
2	3200		4830	5230	5310	5750	8100	
3	3100		4600	4960	5060	5460	6864	7464
4	3000		4380	4740	4815	5215	6540	7140
5	2900		4155	4515	4570	4970	6168	6648
6	2800		3936	4290	4320	4720	5808	6288
7	2700		3420	3780	3760	4160	5208	5688
8	2400	2550	2940	3390	3230	3730	4452	5172
9	2250	2400	2780	3320	3055	3655	3972	4692
10	1940	2230	2410	2890	2700	3245	3624	4344
11	1790	2050	2200	2680	2460	3000	3288	3936
12	990	1230	1250	1800	1400	2005	2130	2922
13	1415	1725	2075	2555	2320	2860	2916	3420
14	1304	1544	1850	2210	2080	2470	2754	3279
15	1148	1388	1635	1985	1880	2265	2310	2839
16	831	1072	1150	1465	1320	1684	2031	2556
16	700	882	1025	1358	1175	1562	1806	2481
17B	554	765	850	1109	975	1272	1404	1845
17A	475	660	680	911	780	1046	1278	1656
18(4)	343	488	650	860	745	990	1008	1365
18(3)	304	428	536	711	610	820	858	1110
18(2)	248	349	450	583	540	708	786	996
18(1)	211	312	350	486	450	626	756	936

Source: Data provided by the Civil Service Department

TABLE 6.6

PUBLIC CORPORATIONS

Percentage change in Basic Salary Scales, 1974-1986

Grade	% Change 1974-78 BS		% Change 1978-83 BS		% Change 1983-86 BS		% Change 1974-86 BS		% Change 1978-86 BS	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
1	157.4	172.0	109.9	110.0	151.4	138.2	261.8		166.4	152.1
2	150.9	163.4	109.9	109.9	152.5	140.9	253.1		167.7	154.9
3	148.4	160.0	110.0	110.0	135.7	136.7	221.4	240.8	149.2	150.5
4	146.0	158.0	109.9	110.0	135.8	136.9	218.0	238.0	149.3	150.6
5	143.3	155.7	110.0	110.0	135.0	133.8	212.7	229.2	148.4	147.2
6	140.4	153.2	109.9	110.0	134.4	133.2	207.4	224.6	147.8	146.6
7	126.7	140.0	109.9	110.0	138.5	136.7	192.9	210.7	152.3	150.5
8	122.5	132.9	109.9	110.0	137.8	138.7	185.5	202.8	151.4	152.6
9	123.6	138.3	109.9	110.0	130.0	128.4	176.5	195.6	142.9	141.3
10	124.4	129.6	112.0	112.3	134.2	133.9	186.8	194.8	150.4	150.3
11	122.9	130.7	111.8	111.9	133.7	131.1	183.7	192.0	149.5	146.9
12	126.3	146.3	112.0	111.4	152.1	145.7	215.2	237.6	170.4	162.3
13	141.6	148.1	111.3	111.9	127.5	119.6	199.0	198.2	140.5	133.9
14	141.9	143.1	112.4	111.8	132.4	132.8	211.2	212.4	148.9	148.4
15	142.4	143.0	115.0	114.0	122.8	125.7	201.2	204.5	141.3	142.8
16B	138.4	136.7	114.8	114.9	153.9	151.8	244.4	238.4	176.6	174.5
16A	146.4	154.0	114.6	115.0	153.7	158.8	258.0	281.3	176.2	182.7
17B	153.4	145.0	114.7	115.1	144.0	144.6	253.4	241.2	165.2	166.4
17A	143.2	138.0	114.7	114.8	163.8	158.3	269.1	250.9	187.9	181.8
18(4)	189.5	176.2	114.6	115.1	135.3	137.9	293.9	279.7	155.1	158.7
18)3)	176.3	166.1	113.8	115.3	140.7	135.4	282.2	259.3	160.0	156.1
18(2)	181.5	167.0	120.0	121.4	145.6	140.7	316.9	285.5	174.7	170.8
18(1)	165.9	155.8	128.6	128.8	168.0	149.5	358.3	300.0	216.0	192.6

Source: Calculated from Table 6.5

TABLE 6.7

PUBLIC CORPORATIONS

Indices of Real Basic Salary, 1986

	Real BS 1986 1974 = 100		Real BS 1986 1978 = 100	
1		19	23	21
2		19	23	21
3	16	18	20	20
4	16	17	20	20
5	16	17	20	20
6	15	16	20	20
7	14	15	21	20
8	14	15	21	21
9	13	14	19	19
10	14	14	20	20
11	13	14	20	20
12	16	17	23	22
13	15	15	19	18
14	15	16	22	22
15	15	15	19	19
16B	18	17	24	24
16A	19	21	24	25
17B	19	18	22	23
17A	20	18	26	25
18(4)	20	21	21	22
18(3)	21	19	22	21
18(2)	23	21	24	23
18(1)	26	22	29	26

Source: figures in Table 6.5 deflated by CPI

N O T E S

1. With the available information it is difficult to establish the exact size of parastatals sector at that time or the extent to which formal provisions were observed.

2. See Mohammed-Taha, op cit, pp 176-190.

3. ibid.

4. ibid.

5. The basic salary differential ratios were provided by Mohammed-Taha, op cit, p 191, as follows:

Central Government	100
Gezira Board	108
Central Electricity Corp	116
Public Corporations	120
State Specialised Banks	133
State Commercial Banks	146
University of Khartoum	165
Sudan Development Corp	178

6. The term was used by E Berg (1969), op cit, to describe the position of high paying indistries in relation to the rest of the economy in developing countries.

7. Space limitations and the danger of duplication make it difficult to provide the full findingsof the case studies within the ambit of this chapter. The reader is advised to consult the case studies in the Appendix for the backdrop of the arguments in this Chapter.

8. See ILO (1987c), op cit.

9. 'Other purposes' includes loans in emergency cases marriage, child-birth, etc.

CHAPTER SEVEN

PAY DIFFERENTIALS

7.1. INTRODUCTION

In the previous two chapters we looked in depth at the levels and movements of pay of, firstly, civil servants, and then parastatal employees. We have seen how the basic salaries and allowances have grown over the last two decades and examined the interdependence and differences between the pay of similar grades within different parts of the public sector.

In this chapter the issue of different kinds of pay differentials is considered, to see the extent to which the pattern or movements in these differentials can be accounted for by changes in market and/or institutional forces and to consider the possible implications for labour market efficiency and equity. The complete realisation of these objectives depends on the availability of comprehensive pay data in greater quantity, detail and quality than currently exist in the Sudan. No information is available to indicate the actual earnings of public sector employees and analyses of intra- and inter-sectoral differentials will be made, as before, on the basis of basic pay rates payable to certain grades which are taken to represent broad occupational groups. The shortcomings of the analysis of this kind are acknowledged, none-

theless, no better one could be sought with these data constraints.

7.2. OCCUPATIONAL DIFFERENTIALS

Movements in the real pay of public sector employees discussed in chapters Five and Six showed that reductions which had taken place between 1974 - 1986 were slightly less severe for the lowest salary grades indicating that there has been a narrowing of pay differentials between the higher and the lower grades. This is further illustrated in Table 7.1 which shows the ratio of starting basic salary levels for four higher grades in relation to the lowest grade 18 for the dates of pay adjustment from 1968 to 1986. As seen, the major movement in basic pay over time is reflected in a secular compression of skill and seniority differentials within the civil service. Figures show that the ratio of the basic salary of an under-secretary, a deputy under-secretary, a university graduate and a secondary school leaver to the basic salary of an unskilled worker declined from 14.39:1, 13.01:1, 3.87:1 and 2.15:1 respectively in July 1968 to 11.67:1, 7.89:1, 2.53:1 and 1.67:1 respectively by July 1986. This compression seems to be a continuation of earlier trends as the corresponding ratios as calculated from the 1951 scales (ie, those adopted following the recommendations of the Wakefield and Mills Commissions) were 25.71:1, 22.86:1, 4.71:1 and 2.57:1.(1)

The narrowing has been particularly marked for grades 4 and 9 which have seen their differentials over grade 18 contracted by 40 per cent and 35 per cent respectively since 1968. Grade 1, on the other hand, experienced less narrowing (19 per cent), in part as a result of the abolition of the scale and the substitution of a single rate in 1986.

Earlier analysis has revealed that allowances may have a distorting effect on the relative positions of public sector employees in terms of gross pay. Thus, the impact of taking standard allowances (overtime and non-standard allowances will be discussed below) into account on the

behaviour of differentials is considered in Table 7.2 which indicates that civil service gross salary differentials have moved in a way similar to basic salary differentials. The ratio of the grade minima for grades 1 and 4 to that of grade 18 fell by approximately 36 per cent between 1978 and 1986.(2) The ratio of the grades maxima fell, also, but by a slightly lower percentage (30 per cent). Those for grade 9 and 14 fell from 1978 to 1983, but the 1983 increases restored the earlier relationship for grade 9 and reduced the narrowing for grade 14.

Comparing Table 7.2 with Table 7.1 shows that the higher grades (1 and 4) had slightly larger ratios in terms of basic salary minima than in terms of gross salary maxima. It shows, also, that the magnitude of erosion in differentials since 1978 was more severe in respect of gross salaries than in basic salaries (the fall in the former was 36 per cent and 20 per cent for the latter). This implies that standard allowances in the 1986 adjustment had been set to benefit the lowest grade. Generally, Tables 7.1 and 7.2 indicate that the extent of the narrowing of scales depends on which measure of pay is used, and the results may differ between basic and gross salaries and according to the grade minima or maxima used. However, all the measures exhibit the same tendency: there has been a marked narrowing of pay between the higher and the lowest grades.

Certainly there is more to the question of differentials than can be illustrated by summary ratios of this kind. Analysis wholly based on basic salary rates or even with the inclusion of the standard allowances hardly tells the full story. For example, the effect of taking two opposing sets of factors into account may blur the picture neatly portrayed above. Depending on the strength or weakness of these factors, the differentials in take-home pay may be wider or narrower. These are, on the one hand, overtime payments and the progressive tax system which

tend to compress differentials and, on the other hand, non-standard allowances and fringe benefits which tend to widen the gap.

Overtime payments are generally available to the public sector's unclassified (manual) workers. There is no general survey to show the incidence of overtime work or the proportion of overtime earnings to total earnings. However, examples of individual gross salaries shown in the case studies suggest that overtime can be a significant component of unclassified worker's gross pay and occasionally it may be equivalent or even greater than the basic salary.

With a similar effect on intra-civil service differentials is the progressive tax system or fiscal drag where tax-take rises as salaries increase. We do not have sufficient information to explore the full possibility of taking taxes into consideration, but a glimpse could be obtained from a recent report (World Bank, 1985) which has addressed the issue in a casual way. Comparison of the data which have been reproduced in Table 7.3 with corresponding figures in Table 7.1 shows that the impact of tax-take on top-bottom differentials could be considerable. For example, in 1983 the income tax further reduced the ratio of grade 4 to grade 18 differential from 9.26:1 to 7.88:1, ie, a reduction of 15 per cent. Also, it is evident that post-tax differentials were reduced at a relatively faster rate than were pre-tax differentials from 1974 to 1983. For grade 14 in 1974 and 1978 and grades 9 and 14 in 1983, however, the ratios were identical in pre- and post-tax calculations indicating that these grades are in tax-exempted zones.

While the combined effect of overtime payments and taxation is to reduce differentials by increasing the earnings of lower and reducing those of the higher grades, there are other factors which may pull the pattern of differentials towards the opposite direction, thereby reinforcing rather than contracting the gap. A good deal of evidence is

available to suggest that non-standard allowances usually benefit the higher grades more than the lower grades. For example the mileage allowance payable to some individuals in grades 1 - 8 would add up to the equivalent of 35 per cent of basic salary to the disposable pay of civil servants. Other allowances exclusively paid to senior staff (representation, responsibility, qualification, etc) have the same effect.(3)

Additionally, fringe benefits tend to be greater at the top than at the lower grades, favouring the 'better off' against the 'worst off'. Free housing or housing with nominal rent, government-owned cars, paid study leave, loans and pension schemes which are closely tied to the recipient's position in the administrative hierarchy are some of the benefits usually not available to those in the lower echelons of the public service. The fact that fringe benefits vary directly with level of salary has been addressed by Mohammed-Taha (1979) who reported:

> "While the value of fringe benefits actually exceeds the basic salary of the most senior civil servants, they represent about 20 per cent and less than 10 per cent of the young graduate's and unskilled worker's total earnings respectively".(4)

Moreover, since fringe benefits' increases are less visible than salary increases, the distribution of such benefits may actually have become less equal over recent years. The introduction in 1985 of free telephones for all top civil servants (grade 4 and above) is an example of a move in this direction.

It emerges from what has been said above that basic salary scales alone are inadequate measures of actual (disposable) income differentials. Nevertheless, in the absence of accurate quantitative evidence about overtime, taxation, allowances and fringe benefits, which makes their net effect uncertain, basic rates remain the only available yardstick for measuring compression of occupational differentials.

Almost without exception the literature on pay differentials and

their movements has provided explanations which generally fall into two categories - economic and institutional.(5) An explanation based purely on economic principles would maintain that the pattern of differentials could be narrowing over time either because there is an increase in supply (as might result from the expansion of educational and training systems) or because of changing patterns of demand for different skills (such as might result from technological change or sluggish economic growth). To put this into context we need to answer the following question: to what extent can the compression of nominal pay differentials observed earlier be directly or indirectly attributed to the market forces of supply and demand? Any attempt to provide an adequate answer will be fraught with problems because of lack of reliable time-series data regarding the growth in the demand for and supply of labour. No analytical, non-intuitive technique has ever been employed by the Sudanese government for determining manpower requirements or relating educational output to economic needs. The results of this neglect could be seen in the Six Years Socio-Economic Development Plan (1977/78 - 1983/84) where the 'Manpower and Personnel' chapter consists of a series of loose and conflicting statements on probable levels and rates of growth of emp loyment without any attempt to disaggregate prospective requirements for different types of skills.(6) On the supply side, there is almost total absence of co-ordinated information about the output of the education system, numbers and skills of immigrants and emigrants and numbers unemployed. It might be expected, for example, that the number of graduates registered with the Civil Service Recruitment Committee indicates the supply of this category of highly qualified labour, but not only does the Committee not have records predating its establishment in 1977, because of its unsatisfactory performance in recent years, many graduates do not use it as an employment register.

Although lack of detailed data thus renders it particularly difficult to assess the precise pattern of movements in the supply of, and demand for, labour in the last three decades or so, from the fragmentary information that is available (originating from the meagre literature on the subject) it is nonetheless possible to provide a general account of the major imbalances in the Sudanese labour market.

Sudan entered independence with a clear shortage of intermediate and high-level manpower because of the neglect of secondary and higher education during the colonial period. The country did not have a formal university until independence in 1956, when Gordon Memorial Primary School became the University of Khartoum. Hence, in spite of the limited role of the government at that time (mainly concerned with maintenance of law and order) public sector demand for skilled manpower grossly exceeded the supply of qualified indigenous personnel. Top jobs were, therefore, filledby British expatriates while Egypt supplied the bulk of the manpower needed for intermediate posts (clerical and junior technical). Relatively, however, there was abundance of unskilled labour as might be expected in any country at early stages of economic development and industrialisation. This tightness of the labour market led some observers to conclude that market forces were primarily responsible for the pattern of public sector remuneration. Fawzi (1959), for example, asserted that:

> "To a great extent, salaries are controlled by the dictates of supply and demand ... Sudan is still at a stage when extra bonus has to be paid for an education little higher than literacy".(7)

The premium earned by the senior staff or the educated manpower in general was regarded as a 'scarcity-rent' to be gradually reduced (and differentials compressed) as supply increased. Lewis (1964) argued:

> "In the long-run the premium for education diminishes as the number of educated increases. Either the educated have to accept less, or else they are unable to resist the pressure which causes the wages of the less educated to rise faster than their own."(8)

Major changes have, however, taken place since the 1950s and recent reports (ILO 1984, Fallan 1987, World Bank 1987)[9] refer to three types of imbalances in the Sudanese labour market. Firstly, there is a growing surplus of university and secondary school graduates. Fallan (1987) argued that the high rates of unemployment among graduates is not a recent phenomenon but an ongoing problem disguised by government guaranteed employment policy in operation until 1980:

> "Just as this policy led in the past to a growing overstaffing in the civil service, its dismantling has been reflected in growth of open unemployment among graduates".[10]

No official figures could be obtained about the numbers of unemployed graduates but the Association of Unemployed Graduates (an informal pressure group) suggested that the number of graduates looking for work could be between 25,000 and 30,000.[11] The volume of graduate unemployment is then dependent on the size and composition of output from the universities, the number of public sector jobs available, and the length of time it takes graduates to reduce their reservation wages to levels associated with jobs requiring lower educational qualifications. Clearly, universities are continuing to produce mostly non-vocational graduates for whom there are few job opportunities outside the public sector while public sector employment provision has stagnated. An increasing proportion of graduates go through the public sector recruitment process without gaining employment, yet it is estimated that less than 25 per cent of university graduates eventually end up in secondary qualification public sector jobs, the remainder choosing to be unemployed.[12]

The second type of manpower imbalance lies in the apparent shortage of skilled manual workers and technical personnel, particularly skilled workers with substantial demonstrable experience. Freshly trained workers are usually unable to obtain jobs overseas and may even experience initial difficulty in finding local jobs.[13] The typical labour market behaviour

pattern is for such workers to acquire experience within Sudan and then migrate to much higher paid jobs elsewhere.(14) As skilled wages abroad are between ten and fifteen times Sudanese levels,(15) the supply price of a skilled and experienced worker is going to be well above that of a corresponding inexperienced and/or unskilled worker.

The third type of imbalance is found in unskilled labour markets. Available evidence suggests that there is a rapidly growing excess of unskilled workers in urban centres. The unimpressive performance of the Sudanese economy over recent years (for example, GDP at constant prices fell by 12 per cent from 1981 to 1985)(16) has resulted in a significant reduction in its labour absorptive capacity, while there is increasing supply arising from influx of refugees from neighbouring countries and from the exodus of population from rural areas due to drought, famine and war conditions; it is currently estimated (October 1987) that nearly one million persons have sought refuge in and around Khartoum, Medeni and Kassala.(17)

In general then it may be said that urban labour markets in the Sudan in the 1980s are characterised by a surplus of graduates and secondary school leavers, shortage of skilled manpower, and abundance of unskilled workers. In comparison with the 1950s a shortage of educated manpower has turned into excess, while the problems associated with skilled and unskilled categories are recurring ones though the underlying reasons may be different. For example, although the scarcity of skills in the past was due to the shortage of education and training facilities, the output of training institutes would now be more than sufficient if it were not being drained away by the massive exodus to Arab labour markets.

Having noted the nature of the structural changes occurring in the labour market, we now turn to the question raised earlier about the extent to which observed compression can be related to these changes. In view

of the increased surplus of graduates, for example, a neo-classical economist would tend to assume that narrowing of differentials between the top and the bottom of the civil service pay structure is a direct result of the working of market forces. Although part of this narrowing may reflect changes in underlying supply and demand conditions, it would be wrong to rely on this approach. More than one reason may be put forward to demonstrate the implausibility of a simple 'scarcity-rent' explanation of pay differentials. Firstly, narrowing between grades 1, 4, and 9, in relation to grade 18 had occurred too rapidly (particularly in earlier years - 1951-1968) to be due solely to market forces which normally compress differentials slowly and gradually as the supply of educated personnel expands in relation to the employment opportunities with educational prerequisites. Secondly, during 1968 - 74 for grade 1 and 4 and up to 1978 for grade 1 the differentials increased with no indication in the market of any apparent shortage of high level manpower. The argument used by the government when it substantially increased top salaries in 1974 was that:

> "The increase was justified on the grounds that the compression of salary differentials which had occurred throughout the 1950s and 1960s had eroded the income position of the highest paid class to 'undesirable' levels".(18)

Even if changes in underlying supply and demand conditions might have partially influenced the tendency towards compression for high level manpower, they certainly offer no explanation of the pattern of differentials between skilled and unskilled workers. For example, the differential ratio between an experienced manual skilled worker (grade 15) and an unskilled worker (grade 18) declined from 1.72:1 in 1968 to 1.28:1 in 1986 and the comparable ratio for an experienced technician (grade 10A) from 4.62:1 to 3.36:1.(19) Thus, if an explanation cannot be found entirely from changes in aggregate supply and demand influences other reasons have to be elicited. It cannot be disputed that the principal factor behind

this narrowing is related to nominal pay adjustemnts of public sector employees. Pay increases for the lowest grades rose faster than in higher grades; by 1986 the basic salary of grade 4 had risen by a factor of 3.55 in 35 years while for grade 18 it rose by a multiple of 10.27. While it is a matter of simple arithmetic that such a policy would lead to a narrowing of the percentage differential, it is not evident why such a pay policy was adopted. Several propositions, however, may be hazarded. Such a policy might reflect government concern about the widely dispersed pay structure inherited from the colonial era, widely expressed in the 1950s and '60s when egalitarianism was a 'fashionable' slogan for every government.(20) However, it is not clear whether the slogan indicated a genuine interest in achieving a more equal distribution of pay, or was merely a casual response to pressure from a powerful labour movement dominated by Marxist activists.(21)

From the mid-1970s onwards, Sudan has experienced high inflationary pressures. The alloc-ation of comparatively large premiums to those at the bottom of pay structures could be interpreted as an inspired government attempt to protect its most vulnerable employees. Perhaps the adherence of pay revision bodies to the movements in CPI as the main criterion for adjusting minimum wage is a manifestation of such an attempt. Inflation also provides a good reason for the SWTUF to ask for relatively higher pay increases for workers.

In summary, occupational differentials (at least with regard to basic salaries) have been markedly eroded since the political independence of the country with little evidence that this compression reflects the effects of underlying structural changes occurring in the economy's labour market.

7.3. CIVIL SERVICE/PARASTATALS PAY DIFFERENTIALS

Analysis in the previous chapter revealed that although public authorities and corporations are, (in theory at least) bound by common salary scales set by government, in practice, they have extensively modified these scales and augmented allowances and other benefits. Particularly, attempts to extend these standardised scales to some corporations which traditionally had enjoyed relative autonomy in establishing their own salaries, proved to be unsuccessful. Moreover, we have seen that public companies have full freedom in setting their own terms and conditions of employment and can be presumably regarded as private sector for this purpose.

Hence, given the relative importance of parastatals as employers vis-a-vis the civil service (see Chapter 3), it is within the public sector itself that much of the comparison and dissatisfaction over pay differentials and the correspondingly upward pressures on remuneration, have occurred. Therefore, it is clearly incorrect to assume, as is often done with respect to industrialised countries, that the private sector is necessarily the most important reference point for the pay determination process for the public sector as a whole.

Large income differentials between the civil service and public corporations have been the focus of attention of recent pay commissions and committees (El-Turabi 1985, for example) because disgruntled civil servants have mainly compared their 'plight' with that of counterparts in other branches of state apparatus rather than the private sector. It is precisely because these comparisons have been made from within the public sector that large pay differentials have been so politically explosive. A classical example of the government pay policy dilemma is demonstrated by the case of Ministry of Irrigation engineers when its

Earthmoving Department became an autonomous public corporation (case study no. 5) in 1976. The corporation engineers were immediately upgraded and awarded generous pay and benefits leaving behind their counterparts in the Ministry. Understandably, the neglected engineers did not accept the disparity and asked for equal treatment. What worsened the situation, however, was not simply that they possessed equal qualifications and did similar work, but many shared with corporation employees the same premises and worked on common sites, removing any ground for discriminatory treatment in relation to working conditions. Consequently, 37 out of 40 of the Ministry's engineers resigned during 1976/77, while the Corporation recruited 51. The work in the Ministry was seriously disrupted and the government had no choice but to grant a large number of allowances. Not unexpectedly claims spread throughout the civil service as professionals and other occupational groups who happened to be in similar situations, demanded prompt government action to remove anomalies. It was reported that, in 1977, about 50 unions engaged in strike action (for varying durations of one week to one month) to support their claims.(22) Apparently, the government's decision to speed up the implementation of the Job Evaluation and Classification Scheme (the original plan for implementing the scheme over four years was shortened to two years by a Presidential Decree) was seen as an effort to contain this upsurge of militancy among public sector employees.

However, neither the JECS nor the subsequent commissions were able to resolve the ever-present problems of pay disparities in the public sector. They have been already mentioned in this thesis, and will be discussed in more detail in the next chapter. Meanwhile, our focus in this section is primarily on the movement of pay differentials which result from the formal government pay policy, ie, differentials between civil service scales and the public corporations' standard basic salary scales.

Table 7.4 shows the basic rates of certain grades (representing top management, university graduate, secondary school leaver and an unskilled worker) in the public corporations as ratios of corresponding civil service scales during 1974 - 86. As evident, even at the least skilled level (grade 18(4) in the public corporations compared to grade 18 in the civil service) where significant competition for positions might be expected given the available pool of unskilled labour, differentials of about 5 per cent have always existed. Moving up the salary grade ladder, public corporations pay premiums which are generally greater than those prevailing at grade 18, although the increase is not always in parallel with the grade level. It certainly is not necessarily the case that top managers receive the largest proportionate differential over civil serants.

Regarding the movements in differentials, Table 7.4 shows that a considerable amount of erosion has taken place since 1974. However, a closer look reveals wide variations in the magnitude of this narrowing for different occupational groups. While differentials among university graduates and - to a lesser extent - among secondary school leavers had contracted sharply, they held up among unskilled workers. In fact, differentials among the latter had slightly been increased in 1983 adjustment (from 4 per cent to 5 per cent) and were unchanged in 1986.

The justification for these differentials and the impetus behind the pattern of their movements needs a more complete and rigorous analysis than was feasible from rather limited evidence at hand. Nonetheless, it is almost certain that the observed narrowing has resulted from government concern over the existence of wide 'unjustified' disparities, a concern made explicit in a number of recent reports. The 1985 Report of El-Turabi Commission on public sector pay stated that:

> "There is an urgent need to remove pay anomalies in the public sector and remunerate staff on a more equitable basis. This is essential to avoid the development of more internal pressure

> on the part of dissatisfied civil servants ... under the present economic conditions the country cannot afford a discontented civil service".(23)

Judging the policy on the basis of movements in relative formal basic pay scales, would suggest that it has been a complete success. But, we have already noted that there is much more to say about the actual pay differentials than just the comparison of basic salaries. Undoubtedly, the policy is seriously undermined by the government's contradictory decisions. The case studies revealed how frequently the government has conceded to factional demands and allowed modifications and increases in basic salary scales, allowances and benefits for individual corporations. Evidently, these concessions have worked in a manner to defeat the government's own policy towards tackling the issue of disparities.(24)

The foregoing account makes the task of explaining the behaviour of differentials in relation to changes in supply and demand parameters, perplexing. It is possible that the narrowing (in basic salaries) would not have continued had it not been working in the same direction as market forces. This is particularly true for graduates and secondary school leavers. However, for unskilled workers, and beyond basic salaries in the case of all workers, there is no way in which these forces can be brought to bear on the question of differentials.

A further complicating factor in the analysis of civil service/parastatals pay differentials is the sheer absence of any kind of organised information about pay levels in the public companies' sector. In Chapter 3 we have seen that there are about 137 state-owned enterprises in the Sudan, of which 93 (ie, 68 per cent) are companies either wholly owned by government or joint ventures with majority state ownership. There is no readily available information to indicate the exact size of public companies' employment apart from an unofficial source suggesting

that they command a sizeable share of well above 30 per cent in the almost 200,000 parastatals' posts.(25)

Under the present institutional set-up the government has virtually no control - apart from the statutory minimum wage regulation - on the pay determination process in these companies. An interview with the Under-sectretary of the Ministry of Finance and Planning revealed that:

> "Public companies under the 1925 Act have complete authority to set wages and salaries as they see fit and may adjust them whenever necessary to attract and retain staff, as well as to link pay to performance to the degree that they feel desirable".(26)

Accordingly, little is known about how much is paid to each skill in these companies, and it would be unsurprising to find a complicating complexity of pay scales across this part of the public sector. Nonethe less, in case study no. 6 the Bank of Khartoum was taken as an example of public companies and a representative of state-owned commercial banks in the country. It is known that all public banks have a single pay schedule basically determined through negotiations between the central bank (Bank of Sudan) and the General Union of Bank Employees (GUBE). Although the one case of the banks will do insufficient justice to the analysis of intra-public-sector differentials, it may, nevertheless, be used as a rough guide. Table 7.5 shows that not only are pay differentials between bank employees and civil servants excessively wide but they have been increasing over time for the majority of occupational groups. In general, it appears that the working of collective bargaining in this area of the public sector, has played the major role in determining the prevailing pattern of differentials and their behaviour over the years. In addition to the relatively large pay increases which result from negotiated settlements, bank employees generally enjoy a greater frequency of pay adjustments than do those in civil service or public corporations. Over and above their periodic revisions every four years,

whenever there is an adjustment in civil service pay, bank employees manage to have an increase either in basic pay, allowances, or in both. For example in July 1986, public banks threatened industrial action in support of a claim for the introduction of a Nature of Work allowance similar to that which was introduced in the public sector. Notwithstanding that the agreements provided for revision only in January 1987, a nature of work allowance averaging 25 per cent of the basic salary was intoduced for bank employees retrospectively to 1st of April 1986.

It has been reported that movements in the cost of living and remuneration levels for comparable groups elsewhere in the public sector are frequently used by the unions to further their claims for pay increases. Comparisons with the best paying public corporations and companies, however, provide only the floor above which a premia commensurate with their 'special' working conditions are demanded. Despite a growing presence of private sector banks (Islamic and/or foreign) in recent years, there is no evidence to suggest that these banks have been used as reference points in pay negotiations between the state banks and the unions. This leads into the discussion of public/private sector differentials, the third category considered in this chapter.

7.4. PUBLIC/PRIVATE SECTOR PAY DIFFERENTIALS

What must be stressed form the outset is that the actual size of inter-sectoral differentials does not in itself constitute an important factor affecting salary levels in the public sector. The limited size of the private sector (cited earlier) has not posed any serious challenge to the dominant position of the public sector in the pay determination process since the element of inter-sectoral competition and thereby comparison with outside rates has been largely absent. In other words, the emergence of sizeable differentials may be a necessary but not sufficient

condition for any subsequent upward pressures in public sector pay. Even if pressures do arise - as might be expected in cases of severe shortages of certain skills - the public sector wages and salaries still may not be increased due to a combination of political and/or economic contraints.(27) In the Sudan the public/private sector pay differentials are difficult to measure owing to data inconsistencies for private sector earnings. Considering the shaky data base in the public sector, their dearth in the private sector is hardly surprising. Therefore, it is not possible to provide definite answers to questions about the comparative rates of pay, neither is it possible to provide an adequate account of the pattern or movements of differentials over time. Nonetheless, by using available evidence - which is fragmentary, anecdotal and undoubtedly biased - it may be possible to make some assessment of the situation.

Existing evidence suggests that, since the early 1970s, the public/private sector pay differentials have undergone changing patterns particularly for unskilled workers. An impressive array of quotations supporting this view can be assembled. A survey by the Ministry of Labour in 1973 covering 1731 establishments of which 1594 were in the private sector and 137 in the public sector, found that the average weekly earnings for the manual workers (wage-earners) in the public sector was 25 per cent higher and for 'salaried' employees 13 per cent higher than in the private sector.(28) These figures, however, must be interpreted with great caution for several reasons. Firstly, the survey excluded the civil service, agricultural establishments and firms employing less than 5 persons and secondly, it is uncertain whether the definition attached to 'weekly earnings' refered solely to basic salary or was inclusive of allowances and benefits. Mohammed-Taha (1979) raised doubts about the validity of these figures with regard to non-manual workers and argued that the pay-leadership role exercised by the public sector:

> "... may be attributed to the fact that when public corporations were nationalised in 1970 they already had the characteristics of large enterprises vis-a-vis pay and other conditions of employment".

He continued to claim that:

> "Since the government is the largest employer of high-level manpower, the private sector will always pay a higher salary in order to bid the needed personnel away from the government ... graduates generally prefer to secure an easy life of the civil servant than to search for jobs in the private sector".(29)

This, in fact, seems to be a reflection of similar views expressed by the ILO (Growth, Employment and Equity) mission (1976) which asserted that:

> "The government appears to exercise a wage-leadership role for unskilled and semi-skilled workers, in as much as average weekly earnings for manual workers are slightly higher in the public sector than in the private sector ... As for highly qualified manpower, the pace-setting effects of the public sector hiring are attenuated by private sector patterns. Virtually all university graduates in the Sudan are employed in the public sector, but technically trained professional manpower returning from foreign universities tend to reach salary levels in the private sector that are never attained either in the public enterprises or in the civil service".(30)

The government wage-leadership for the unskilled workers was further confirmed by other studies. For example, evidence made available to the 1974 Committee of Enquiry into the minimum wages in the private sector disclosed that the lowest levels prevailing at that time ranged from £s6 to 15 per month with the majority of private firms paying less than £s10 per month,(31) a finding consistent with those of the Workers' Trade Unions' Federation survey undertaken in the same year showing an average minumum wage of £s9 per month in March-April 1974 (prior to the introduction of minimum wage legislation in July).(32) Comparing this figure with the public sector's minimum pay at that time which was £s13.9 per month, would produce a differential of more than 50 per cent. Thus, though the evidence is sketchy it would appear that highly qualified private sector employees enjoyed relatively higher salaries; it is

unequivocally the case in respect of unskilled workers that government pay was the higher.

A number of recent studies, however, comparing the behaviour of private and civil service wage rates provided a different picture. It is particualrly interesting to examine the results of the Ministry of Labour Survey on Employment, Wages and Hours of Work 1983 - 84.(33) This survey covered 581 establishments in the public sector with 278,661 employees and 918 establishments in the private sector with 44,000 workers. A summary of the findings with regard to the average earnings is provided in Table 7.6. The average weekly earnings for wage-earners (unclassified) in the public sector were £s14.82 against £s20.56 in the private sector. For salaried employees (classified) they were £s37.00 and £s63.20 respectively. Although these figures also, need to be viewed with caution (for definitional and methodological reasons), comparing them with the 1973 survey figures (referred to above), nonetheless, supports the hypothesis of changing patterns of inter-sectoral differentials in the Sudan. Evidence from the ILO 1984 survey, reproduced in Table 7.7 shows that the mean wage for an unskilled worker in the private sector exceeded that of a public sector counterpart by approximately 57 per cent. The differentials were still larger for professionals in the sample as the private sector employee earned nearly three times the salary achieved by a public sector professional. In a study based upon the findings of this survey, El-Bagir et al (1984) reported that:

> "It is generally accepted that urban wages in Sudan vary with the type of employer. However, while it was generally thought that the public sector paid higher wages than the private sector and that wages in the organised sector varied positively with the size of industrial establishment, this survey shows that for all categories of workers -professional, white collar, skilled and unskilled - private employment in general seems to offer better remuneration".(34)

The most recent evidence available, not only supports our contention of

a changing pattern from public to private sector 'leadership' but also shows that the gap between the public and the private sector is widening. Peter Fallon (1987) argued that:

> "Although in 1975 and to a lesser extent 1980, the civil service unskilled wage rate was similar to those in the private sector, it had fallen behind by 1982. As from July 1986, the wage range for an unskilled worker in the civil service including allowance will be 60 to 75 Sudanese Pounds per month. Two firms visited in the Khartoum area in early March 1986 quoted £s100 a month and between £s100 and £s160 in allowances respectively, as the earnings of an unskilled worker. Taking £s100 to £s120 as representative figures would give us an unskilled earning differential of around 70 per cent between the civil service and private sector at the present time".(35)

On the evidence just considered, the conspicuous change occurred in the pattern of differentials, particularly among unskilled workers, appears to be associated with the introduction of the statutory minimum wage in 1974. Before that Sudan was not a country in which the government exercised a great deal of direct influence over private sector labour markets. An indirect influence, however, existed and the public sector minimum was supposed to act as a 'guideline' for the private sector. Since its introduction, the statutory national minimum wage has been effectively equal to the minimum public sector wage. In practice, nevertheless, it has served as a floor; private companies evidently gave their lowest-paid workers substantially more than the statutory minimum. This is, in fact, unusual for a developing country with an abundant pool of unskilled labour, where one expects to find the private sector, at best, paying the least-skilled workers the legal minimum wage. Although our understanding of the actual causes of this phenomenon remains rudimentary, it may be due to the unions' strenth and/or the labour market tightness. It has been reported that:

> "One way in which private companies have apparently been affected by the minimum wage legislation is that trade unions demand an equal percentage increase in wages when the minimum wage is raised, even when their wages are already above the new legal minimum".(36)

Furthermore, in view of the very high inflation rates currently experienced in Sudan, the extent to which increases in wages beyond the legal minimum constitute a serious attempt to prop up real wages above market clearing levels, is uncertain.

A particularly significant development has occurred in the sphere of pay determination in the private sector in recent years. It is manifested in the endorsement by the Ministry of Labour in August 1986 of a national collective agreement which not only reaffirmed the level of the minimum wage, but also granted a wide range of stipulated increases to private sector employees earning more than the minimum wage. For example, a worker earning £s90 per month in July 1986 has seen his pay increased by 42 per cent to £s128.(37) It remains to be seen, however, whether a precedent has been set for regular and more serious interventions of this kind.

7.5. CONCLUSION

The analysis in this chapter has revealed, in very broad terms, a narrowing of inter-sectoral differentials and a widening of intra-sectoral differentials in the past two to three decades. But certain qualifications must be noted. Firstly, within the public sector, some groups (as exemplified by state bank employees) have seen their premia over civil servants and public corporation employees substantially increased. Moreover, data limitations mean that this contention is based exclusively upon the movements of basic salary rates. It is quite possible that these intra-sectoral differentials would not have appeared to have narrowed so much had the full allowances and fringe benefits been taken into consideration. Nevertheless, the weight of the available evidence suggests that, in general, market forces - although in some

cases they have moved in the same direction - offer no direct explanation of the observed rate and pattern of change in differentials. Alternatively an explanation in terms of a number of institutional factors could be proffered. Central to these factors is the government intervention in the labour market. This intervention has taken two forms: government decisions regarding the size of pay awards to different categories of its employees and minimum wage legislation. There is evidence that the introduction of Minimum Wage Legislation in 1974 is a major reason for the observed changing pattern in inter-sectoral differentials from public to private sector 'leadership'. Moreover, by imposing a floor to private sector wages, the legislation has probably pushed up the levels of unskilled wages beyond a market-clearing level. Trade unions, also, do appear to have influenced the behaviour of differentials over time. This could be seen in the limited areas where collective bargaining is operating and in the influence of the labour movement as a whole, through political pressure in exerting upward pressure on unskilled wage levels. Finally, in the face of high rates of inflation in recent years the government has had little alternative but to increase significantly the wages at the bottom end of pay structures. In this sense, the observed narrowing in top-bottom differentials in the civil service should be viewed more as a short-term pragmatic response to a situation of crisis rather than a conscious attempt to reform fundamentally the existing pay structure in pursuit of increased equity. In the face of mounting problems the government has increasingly resorted to such crisis management and piecemeal solutions. Some of these problems are highlighted in Chapter 8.

Table 7.1

CIVIL SERVICE

Ratio of Minimum Basic Salary to Minimum of Unskilled Labourer (Grade 18) July 1968 - July 1986

Grade	July 1968	July 1974	July 1978	December 1983	July 1986
1	14.39	14.39	14.58	12.56	11.67
4	13.01	13.13	10.77	9.26	7.89
9	3.87	3.33	2.98	2.60	2.53
14	2.15	1.95	1.80	1.62	1.67
18	1.00	1.00	1.00	1.00	1.00

Source: Civil Service pay scales as provided in the previous chapters.

Table 7.2

CIVIL SERVICE

Ratio of Gross Salary to Unskilled Labourer July 1978 - July 1986

	July 1978		December 1983		July 1986	
	Min	Max	Min	Max	Min	Max
1	17.48	14.24	12.16	10.58	11.28	10.07
4	13.02	10.51	9.48	8.18	8.23	7.70
9	2.63	2.93	1.95	2.22	2.66	2.84
14	1.66	1.71	1.36	1.44	1.44	1.54
18	1.00	1.00	1.00	1.00	1.00	1.00

Source: Civil Service Gross Salary Scales.

Table 7.3

CIVIL SERVICE

Ratio of After-tax Minimum Basic Salary to the Minimum of Grade 18
July 1974 - December 1983

Grade	July 1974	July 1978	December 1983
4 Deputy Under-Secretary	£s2280 (11.52)	£s3034 (9.03)	£s3387 (7.88)
9 University Graduate	£s 644 (3.25)	£s 950 (2.83)	£s1120 (2.60)
14 Secondary School Leaver	£s 390 (1.95)	£s 595 (1.77)	£s 695 (1.62)
18 Unskilled Worker	£s 198 (1.00)	£s 336 (1.00)	£s 430 (1.00)

Source: World Bank Report No. 5496-SU. Sudan: Prosepcts for Rehabilitation of the Sudanese Economy Vol III, Oct 1985.

Table 7.4

Differential Ratios in Certain Grades Basic Salary Minima between the Civil Service and Public Corporations July 1974 - July 1986.

Occupational Category	Grades	July 1974	July 1978	Dec 1983	July 1986
Under Secretary/Top Management	1/1	1.19:1	1.09:1	1.09:1	1.06:1
University Graduates	12/9	1.50:1	1.25:1	1.25:1	1.17:1
Secondary School Leaver	17A/14	1.23:1	1.12:1	1.12:1	1.07:1
Unskilled Worker	18(4)/18	1.07:1	1.04:1	1.05:1	1.05:1

Source: Civil Service and Public Corporations' Pay Scales.

Civil Service Salary Rate = 1

Table 7.5

Minimum Basic Salary Differential Ratios between Bank Employees and Civil Servants 1974 - 1986

Occupational Group	1974	1979	1984
Top Management*	1.38:1	1.71:1	2.27:1
University Graduate	1.09:1	1.35:1	1.64:1
Secondary School Leaver	1.49:1	1.82:1	2.09:1
Unskilled Worker	1.79:1	NA	1.63:1

Source: Basic Salary Scales of Civil Service and Bank Salary Scales as in Case Study 6.

* Under-Secretary in the Civil Service and Assistant General Manager in the Banks.

Civil Service Salary Rate = 1

Table 7.6

Average Weekly Earnings in the Public and Private Sector 1983/84(£s)

Employee's Category	Public Sector	Private Sector
Salaried Employees	37.00	63.20
Wage Earners	14.82	20.56

Source: Ministry of Labour: Survey of Employment, Hours of Work and Wages, 1983-84, Khartoum.

Table 7.7

Mean Wage Rates by Type of Employer (£s per year) 1982

Type of Occupation	Public Sector	Private Sector	Percentage Differential of Private over Public
			%
Professional	1608	4855	201.9
White Collar	1193	2470	107.0
Skilled	1448	1848	27.6
Unskilled Production	923	1105	19.7
Unskilled Service	762	1195	56.8

Source: ILO, Urban Labour Market Survey 1982, quoted in El-Bagir et al, Labour Markets in the Sudan, ILO 1984.

N O T E S

1. From Wakefield and Mills Commissions reports, annual minimum basic salaries for different groups were as follows in 1951:

Under-Secretary	£s1800
Deputy Under-Secretary	1600
University Graduate	330
Secondary School Leaver	180
Unskilled Worker	70

2. Lack of information about the number and amount of allowances payable to civil servants in earlier years meant that movements in gross salaries beyond 1978 (JECS adjustments) are not obtainable.

3. For a detailed analysis of these allowances see the previous two chapters.

4. Mohammed-Taha (1979), pp 170-182.

5. See R F Elliot and J L Fallick (1981), Chapter 6, pp 111-128.

6. Government of Sudan (1977): The Six-Year Plan of Economic and Social Development, 1977/78 to 1982/83, Ministry of Finance and Economic Planning, Khartoum, Vol 2.

7. See S Fawzi (1959).

8. See A W Lewis (1964) "Education and Economic Development", Social and Economic Studies. It has to be noted, however, that this article is a general one which was referring to all African countries. The fact that all colonised African states were more or less in similar conditions means the argument could be applied to Sudan.

9. See ILO (1984) Towards Self-Reliance, Peter Fallon (1987), and World Bank (1987).

10. Peter Fallon, op cit.

11. Al-Ayyam Newspaper, 25 September, 1987.

12. Data made available to the researcher by Civil Service Selection Committee in July 1986.

13. P Fallon (1987).

14. The immediate destination would be neighbouring oil-rich countries in the Arab world.

15. From own experience even these figures could be on the lower side.

16. World Bank (1987), op cit.

17. Al-Siyasa newspaper, 12 December, 1987, Khartoum.

18. See Mohammed-Taha, op cit.

19. Calculated from the pay scales in the previous chapters.

20. Ali El-Arabi (1983).

21. From early stages of its development the labour movement represented by the Sudan Workers' Trade Unions' Federation had been closely associated with the Communist Party. For example, El-Shafie Ahmed El-Sheikh the General Secretary of SWTUF for more than 20 years (executed in 1971 following the failure of a pro-communist coup d'état) was a leading member of the Central Executive Committee of Sudanese Communist Party. So, the influence of communism was direct and strong.

22. See El-Arabi, op cit.

23. Sudan Government: The Report of High Commission for Revision of Public Sector Wages and Salaries, 1985.

24. See the case studies for individual examples that show conflicting government decisions.

25. This has been revealed during an interview with the SWTUF officials in Khartoum, June 1986.

26. An interview with Mr Musa Ibrahim, the Under-Secretary of Finance and Economic Planning Minsitry in Khartoum in August 1986.

27. Increasing the pay of one group in the public sector because there is high demand for them may not be easily attainable because it will cause demands for similar increase by other groups. Also an increase in the public sector may immediately lead to an increase in the private sector pushing the general wages upward.

28. Government of Sudan: Survey of Establishment, Ministry of Public Service and Administrative Reform, 1973.

29. See Mohammed-Taha, pp 49-60.

30. ILO (1976), pp 109-120.

31. Government of Sudan: The Report of the Committee of Enquiry into the I n troduction of a National Minimum Wage, Ministry of PSAR, 1974.

32. SWTUF: A Survey of Minimum Wages in the Private Sector, an unpublished report, 1974.

33. Government of Sudan: A Survey of Employment, Hours of Work and Earnings in the Public and the Private Sector, Ministry of Labour, 1984 (two volumes).

34. See El-Bagir, op cit.

35. P Fallon (1987).

36. World Bank (1985).

37. Government of Sudan: Report of the Committee of Minimum Wage Revision, Ministry of Labour, November 1985.

C H A P T E R E I G H T

PUBLIC SECTOR PAY DETERMINATION:

AN OVERVIEW OF SOME PROBLEMS

8.1. INTRODUCTION

In LDCs, as elsewhere, an economically ideal pay structure would be one in which:

> "Every rate is just high enough to induce each kind of labour to present itself in the needed quantities, provides just enough incentive for workers to acquire skills and accept responsibility, and just enough incentive to meet required standards of performance"(1)

From the equity perspective as well, such a structure would have much to commend itself since pay differences would be kept to the minimum levels that are economically essential, ie, a minimum supply price structure, without extensive 'quasi-rents' and without discontent-producing inequities.(2)

Assessed against this standard, existing patterns of pay structures in the Sudanese public sector give rise to considerable concern. There is little in the analyses of the preceding chapters to indicate that current pay levels or the changes that took place in recent years, have served equity and/or efficiency considerations. In retrospect, it is evident that the picture is one of inconsistencies, distortions and apparent anomalies. In the face of accelerating inflation, periodic adjustments of pay scales have failed to preserve employees' purchasing

power. Real wages have declined precipitously, undermining employee motivation and commitment and leading to continuing demands for pay increases. Eventually, pressures accumulate to the point where they may no longer be resisted. Factional 'catch-up' increases have been granted and modifications allowed even though not easily accommodated by the treasury or idnividual organisation's budget. The result has been a disruptive pattern of irregular adjustments producing a pay determination system which is ineffective, volatile and circumscribed with numerous problems. At the risk of over simplification this chapter singles out a few targets which should attract policy concern.

8.2. EROSION OF REAL PAY 1970 - 1986

Discussions of salary trends in Chapters 5 and 6 showed that public sector pay has fallen dramatically in real terms over the past 16 years. To recapitulate the extent of this erosion in the civil service, real pay indices of grades 4, 9, 14 and 18 from 1970 to 1986, are provided in Table 8.1. The four grades (which respectively represent a deputy under-secretary, a university graduate, a secondary school graduate and an unskilled worker) may be regard as indicative of general developments in basic salaries. As evident from Table 8.1 even after the full implementation of 1986 increases, the real basic salaries for grade minima are only 13 to 21 per cent of the 1970 levels, with the relative fall being most acute since the late 1970s. Table 8.2 shows the annual percentage change in real basic salaries on a June-June basis (with the percentage change resulting from the periodic adjustments also shown for appropriate months). Until the implementation of the 1986 package of improvements, real basic salaries had fallen by 20 per cent or more each year. Examples of gross salaries provided in Chapters 5 and 6 revealed that, in some cases, the fall in basic salaries was

partially offset by the extension and improvement of allowances, and has been ameliorated by promotions, regrading and the incremental system. However, for the majority the magnitude of erosion has outweighed the effects of any compensatory factors, even allowing for the relatively low real pay levels received by new entrants in the past. For example, real gross salary levels for civil servants fell by 60 - 70 per cent between July 1978 and July 1986.(3) Thus, in a rather uncustomary move, a recent World Bank Mission to the Sudan suggested that:

> "Despite the continuing budgetary problems, it would be inadvisable to reduce the salaries of the civil service any further" (4)

Only the fact that real pay levels in the Sudan are extremely low could have induced the Bank to take such an unconventional approach since wage restraint is one of the main pillars of the Bank's structural adjustment programmes in LDCs (operative in the Sudan since 1978).

Moreover, real pay is perceived by public sector employees and their respresentative unions to have fallen by far more than analysis of the official data suggests. They are particularly critical of the compilation of the cost of living index derived from monthly surveys of prices in Khartoum area.(5) The results of these surveys which cover several dozen goods and services are used to develop two monthly price indices for employees with incomes below and above £s500 per year, using a January 1970 base with weights taken from the 1967/68 Household Budget Survey. SWTUF officials interviewed by the writer contend that official figures underestimate significantly the actual cost of living because a) the index reflects the official prices while the majority of essential consumer goods are now only obtainable from the 'black market'; b) the weights are outdated and cannot reflect current spending patters; and c) restriction of price surveys to the Khartoum area precludes measure-

ment of regional price changes which may be higher because of the shortages and poor administrative control systems. Whether or not these particular arguments are accepted, that a dramatic decline of real pay in the public sector has occurred is generally agreed by employees' unions, policy makers and international observers alike. It is now apparent that periodic salary scale adjustments between 1970 and 1986 have not been sufficient to halt the continuing downward trend in real pay. Table 8.3 shows that during this period while prices rose by 2,245 per cent, successive revisions (in 1974, 1978, 1983 and 1985-86) produced only relatively moderate increases of 169 to 329 per cent for different grades. Moreover, increases granted to employees in each one of these adjustments were much less in percentage terms than the corresponding changes in the cost of living index allowing real pay to decline by up to 89 per cent.

Comparison of the trends in real pay with the growth in GDP per capita provides a further measure of the relative decline of the public sector pay. Table 8.4 presents a detailed comparison of these trends. It compares annual growth rates of an unskilled worker's real wage in the civil service with GDP per capita for the period 1970 - 1986. Generally, if real wages grow more slowly than real GDP per capita, then other incomes (from profits, self-employment, etc) must have grown faster.(6) In the Sudan as a whole, changes in real wages appear to have fallen well behind the rate of economic growth in recent years. The gap between real wages and GDP per capita growth rates (column 2 and 4) has narrowed substantially over time. In the civil service, the unskilled worker's real wages have gone from approximately three times per capita GDP in 1970 to below two-thirds in 1986. In fact, this fall is expected to be more dramatic for the higher level civil servants because, as seen already, unskilled workers were relatively better off in terms of real pay movements during the period. Nevertheless, the comparisons (column 5) show

not only that real wages are lagging (except on few occasions following pay adjustments), but the differences have been substantial, suggesting that other incomes have been rising much more rapidly than wages.

Given the wide gaps in practically all kinds of basic statistics for the Sudan, the virtual non-existence of data relating to income distribution is unsurprising. However, a recent ILO study (1987b) reported that the income share accruing to the poorest half of the population declined from 21.9 to 18.4 per cent between 1967/68 and 1978/80, while the share of the top 20 per cent rose from 48.1 to 53.3 per cent.(7) Overall the Gini coefficient increased from 0.41 to 0.50 indicating an exacerbation in income inequality.(8) Although these figures may not reveal the worsening situation of wage-earners in the economy, they support evidence from other sources pertaining to the redistribution of income in favour of emerging 'parasitic' groups. Ali, A (1986) provided data which are reproduced in Table 8.5.(9) The results of this table may be crude but they may be used to make approximate comparisons. As seen, while the income share of the agricultural sector declined from 79.2 per cent in 1976/77 to 34.3 in 1982/83, that for commerce increased from 24.2 to 28.6 per cent. Moreover, figures in Table 8.5 indicate the supremacy of commerce over those sectors which had an increase in percentage income share. Thus, the increase for traders was 4.4 percent compared to 1.5 per cent in the industrial sector, and 0.3 per cent in utilities; the remainder without exception experienced a fall in their share with the agricultural sector actually losing 45 per cent between 1976/77 and 1982/83. Such results appear to confirm the increasing inequality hypothesis, the supremacy of non-productive over productive activities and highlight the distributional impact of the Structural Adjustment Programmes (SAP) implemented since 1978. Other Sudanese scholars also contend that these programmes and liberalisation policies which followed the active

involvement of the World Bank and IMF in the management of the Sudanese economy have adversely affected the distribution of national wealth. Diab (1985), for example, argued that as a result of frequent currency devaluations between 1978 and 1983, income from profits increased by 5.9 per cent while that from wages declined by 4.5 per cent.(10) Yet further evidence is provided by the flourishing black-market 'Dollar' trade and 'brief-case' shuttles between the Sudan and Gulf states. More graphically Professor Ali (1986) summarizes the situation by noting:

> "To ordinary Sudanese citizens, going about their daily lives of earning a living, the proposition that there has been an increasing inequality of income distribution in the Sudan is an obvious one that does not need empirical evidence. To them sufficient evidence is provided by the almost daily worsening of their lot, and the observed increasing affluence of the 'fat-cats' of liberalisation".(11)

It is to be expected that the absolute and relative decline in real pay has affected performance, motivation and the general level of public sector activities. Unfortunately, such impact is not easily quantified. Since public sector output is often measured in terms of public sector wages, value added in services often being equated with wage payments, independent evidence at the level of national accounts is not readily available. At a micro level, the value of services delivered could presumably be computed, but measures of government productivity are generally unavailable for even one point in time, let alone over several years. Instead, anecdotal and impressionistic evidence, however biased, must be offered. Concern over the productivity of civil service was raised earlier in the mid-1970s by an ILO mission to the Sudan. The Growth, Employment and Equity report was particularly critical of the inefficiencies within the government bureaucracy citing lack of discipline as a cause rather than the shortages of trained personnel and strains imposed by a rapidly growing public sector usually professed

as explanation for poor government performance. More recent evidence suggests that performance has further deterioriated. Thus, J Jacobs (1983) in a review of staffing in public sector agriculture observed:

> "At the time it achieved political independence the reputation of the Sudan's public service was deservedly high. From my own albeit brief and intermittent contact with that service in the 1940s, 1950s, and 1970s, I can attest from personal experience to its calibre and spirit. I have no hesitation in concluding that its present morale and productivity are at an all time low".(12)

This view was further confirmed by the ILO report (1987):

> "Deterioration in morale, supervision and performance has reached the point that there are serious doubts about the capacity of large areas of government administration to implement necessary government policies. Proposals to extend the role of government and impose additional duties on the civil service cannot be seriously considered until the ability and performance of administrative machine is much improved".(13)

Poor morale, inefficiency and low productivity had, therefore, become in-built features of the Sudanese public sector performance; even the casual visitor is struck by lack of activity and disorderliness in government offices. If the majority of the employees are not absent, they appear to be unoccupied; indeed they now seem to be characterised by work-indifferent attitudes. Staff in a variety of public sector occupations and locations interviewed by the writer claimed that they allocated their effort according to what they thought was the department's (or the corporation's) due:

> "I don't work hard here but I give them effort equal to their money".

While it may not be the case that salary levels in 1970 - our chosen base year - were in any way the 'right' levels, real pay decline experienced in the Sudan in the 1970s and 1980s, following the relatively stable levels of the 1960s, must be regarded as extreme, and the consequential responses on the part of employees hardly surprising. In addition to decreases in work effort, reactions and adjustments to the fall in real pay have

been manifested in other forms of behaviour, in particular increased absenteeism, higher labour turnover, more moonlighting and increased incidence of malpractices through bribery, corruption and theft of government property. With regard to turnover, for example, among the classified civil service grades there were 6202vacant posts in central, and 5,780 in regional government (excluding the Southern Regions) at June 1986, implying a vacancy to total classified posts ratio of 7.1 per cent. Assuming that it takes three months to fill a vacancy, and with no growth anywhere in the system, the annual turnover rate would be more than 28 per cent. While this figure may be on the high side as expansion did occur amongst school teachers and health workers, it is possible that some vacancies were deliberately left unfilled. Nevertheless, this calculation suggests that turnover is substantial. There are, unfortunately, no time series data from which to estimate recent increases in the quit rate. The only other available estimate indicates that between 1976/77 and 1977/78, 11.5 per cent of the total central government professional and administrative staff and 8.1 per cent of total permanent staff left without notice. Slightly lower official estimates were obtained for the period 1979/80 to 1980/81. From my discussions with civil service officials these figures are clearly lower limits of actual voluntary turnover; it is probable that the overall rate is of the order of 15 - 20 per cent per annum. It is, therefore, at least arguable that recent trends in real public sector pay need to be reversed. Moreover, as there is widespread overstaffing in the civil service the budgetary implications might be minimised by simultaneously allowing employment levels to drop through natural wastage. However, the difficulty with this approach is that the largest quit rates are in respect of the more highly qualified and skilled staff, so that attrition policies would leave the civil service with overmanning in the unclassified grades and

possible shortages in the higher grades for whom there are plentiful job opportunities in the neighbouring oil-rich countries.

The policy question that naturally arises is, why salary scales have not been adjusted - at least approximately - in line with price movements? The importance of such question stems from the fact that the extent to which euqity and efficiency goals of pay policy are met depends on the pattern of wage adjustments over time. The size and frequency of these adjustments obviously have an important influence on micro and macro-economic efficiency. At the same time, on equity grounds, a high priority is usually given to pay adjustments that are at least sufficient to preserve worker purchasing power, especially that of the lowest-paid groups (ILO, 1987).(14) In the case of the Sudan, there is no shortage of goodwill and good intentions on the part of the government to maintain the real pay of its employees. A series of interviews with key officials have revealed that the government is fully aware of the fact that spiralling inflation in recent years has almost completely wiped out the motivational effectiveness of pay. It is being increasingly accepted that, once performance standards are allowed to deteriorate substantially, it is bound to be a long and difficult task to raise them again. Thus, some restoration of the value of lost real income is being widely viewed as a precondition for effective reform as it is vitally necessary to improve morale and efficiency in the public service. Despite this recognition, a number of inter-related macro-economic factors have made it virtually impossible to link the nominal pay adjustments to price changes. Central to this problem is the nature of inflationary pressure in the Sudan on which, two view points, not necessarily mutually exclusive, exist. The one (Ali 1986, Salih 1986) claims that high domestic inflation is due to successive devaluations. In June 1978, for the first time since

independence in 1956, the official exchange rate was lowered by 13 per cent from £s0.35/$ to £s0.40/$. Since then the Sudanese Pound has been devalued six times until in December 1987 a unified exchange rate of £s4.50/$ was adopted. The main objective is to make exports competitive and more profitable against the production of domestically used goods, the so-called non-tradeables. However, experience demonstrates that devaluations by themselves are ineffective in bringing about changes in the underlying imbalances in the real economy. Even temporary relief fails to manifest itself: the ILO (1987b) asserts, for example, that:

> "It is arguable that in the Sudan in the last six to eight years repeated devaluations and the expectation of devaluation have contributed to the problem of inflation rather than to its solution".(15)

The most serious drawback of the devaluation has been the creation of a parallel black market for foreign currencies. There is always a large gap between the official and the free market exchange rate. Expectation of continuing inflation prompts speculators to invest in foreign currency, reinforcing the negative cycle of inflation and need for further devaluation. Periodically, government attempts to legitimise currency black markets as in 1982 and 1983, but is unsuccessful because appropriate macro-economic policies are lacking and the demand for foreign exchange continues to outpace supply. At present, while the official exchange rate is £s4.5/$, the illegal market rate is £s9.0/$. At a time when foreign exchange is very scarce, the black market has become the only source available for the majority of private importers raising the cost of imported goods. It is also estimated that more than 80 per cent of the remittances of the Sudanese workers overseas are channelled to the black market (Hussien, 1985).(16)

The World Bank and the IMF, on the other hand, hold a rather different view without altogether discounting the role of devaluations.

A 1987 World Bank mission to the Sudan reported:

> "Certainly, the expectation of future devaluation causes the public to increase its demand for goods and will speed up the velocity of money circulation, thereby causing inflationary pressures".(17)

However, the high domestic inflation in the Sudan, is seen primarily as the result of excess demand generated by public sector deficits:

> "The cycle of devaluations and the related increases in the prices of imported commodities are, in fact, a delayed reaction to the excess demand in previous years. If the exchange rate had not been fixed, these prices would have gone up earlier and reduced the effective demand in the economy to compensate for the excess demand created in the public sector. Thus, price increases following devaluations are simply a delayed market reaction to earlier government action ie excess demand for goods and services financed through money creation"(18)

As far as the process of pay determination in the Sudan is concerned, policy makers are preoccupied with the consequences rather than the cuases of endemic inflation. Upward movements in consumer prices cannot be covered by the infrequent pay adjustments, a problem aggravated by the psychological effects of inflation which make people feel worse off whether or not they are fully compensated for the fall in the value of money.

Compounding the difficulties of maintaining real pay levels is the inability of government to finance wage increases. Since the mid-1970s fiscal performance has been patently inadequate, with a substantial gap existing between revenues and expenditures. By 1985/86 the central government current account deficit was £s2282.1 millions or 10.7 per cent of GDP (World Bank, 1987).(19) The same source estimated that the 1985/86 package of improvements would increase the wage bill for central government by 111 per cent and for regional governments by 80 per cent, although the package restored real basic salaries in July 1986 by little more than one-fifth, and real gross salaries to about one-third of their 1978 levels.

The situation in the parastatal sector is no better. Despite all the special support they enjoyed, the 137 state-owned organisations have become a heavy financial burden on the economy. A 1984 survey of sixteen enterprises covering over 80 per cent of total government investment in enterprises found only three reported yearly profits from 1979/80 to 1983/84, compared to five in 1975/76 (Table 8.6); their profits amounted to £s47 million, whereas the losses of the group were £s82 million, or 8 per cent of total tax revenue in 1982/83. Five of the sixteen enterprises representing 31 per cent of total government investment in enterprises had more liabilities than assets. Another survey of 21 industrial public enterprises reported accumulated losses of £s50 million on paid-up capital of £s146 million, while state enterprises' debt with the Bank of Sudan was £s1169 million in August 1984. Clearly the majority of state-owned enterprises are not in a position to finance pay increases from their internal sources, and represent additional demands on an already strained public finance.

The World Bank missions to the Sudan in recent years have persistently asked for a massive reduction in the number of public sector employees as prerequisite to any public sector reform policy. The latest of these missions, for example, argued that:

> "In order to make a programme of real pay increases financially feasible, it will be necessary to reduce the number of central and local government employees. There is ample opportunity to reduce staff in the public sector. At the moment the low productivity of the civil service has become one of the most urgent problems in economic reform; an identical situation exists in many of the parastatal enterprises. More often than not, important work is executed slowly and inadequately, and many agencies require much less staff than they have on their payrolls. The problem is enormous. In some quarters, redundant labour is estimated to be about a third of the total number of public sector employees"(20)

A similar view has been expressed by the ILO which asserts that:

> "One prerequisite for an effective reform is to determine appropriate staffing levels throughout the public service. In both the civil service and the parastatals it is necessary to have employment levels which are based on the tasks and functions to be done. This requires a comprehensive analysis of the appropriate manpower requirement of each organisation, ministry and department. This should be based on the application of O & M analysis ... Such an exercise will inevitably conclude that the present staffing levels are considerably larger than the requirements for staff based on reasonable levels of effort and regular attendance" (21)

It is to be expected then that any reduction in staffing levels will enhance the government chances of restoring real pay of the retained staff. But, this is not, by any means, an easy task or a realistic option. It will certainly generate a fierce resistance on the part of public sector employees as happened in the case of Sudan Airways following the government's decision in December 1987 to make the Sudan Airways Corporation a public company, a change in corporate status which prompted management to dismiss large numbers of staff in an effort to reduce the under-utilised workforce. The Sudan Airways' unions immediately staged an indefinite strike, supported eventually by a one-day strike by about 40 public sector unions, a development which lead government to back down and re-employ the sacked staff.

An alternative approach suggested by the ILO (1987b) involves: (i) moving qualified labour from the surplus to the few under-manned services; (ii) introducing effective incentives for early retirement and voluntary redundancy in over-manned departments and agencies; and (iii) defining new and expanded tasks in high-priority areas for redundant but retained staff. This means both occupational and geographical mobility are required, but again neither can be easily obtained. Voluntary movement of surplus labour from Khartoum to the regions where job opportunities exist or may be created will be particularly difficult. Social factors, as well as the poor provisions of amenities and services, make many areas

unattractive. Restructuring of pay and allowances might provide mobility incentives and location allowances for particular regions and districts[22] have been proposed by ILO.

It therefore seems apparent that restoration of real pay may only be achieved as part of a comprehensive policy of public sector reform. Such a programme should be designed to improve productivity, to increase government financial resources, and to specify staffing levels which presume better performance levels. At the same time steps need to be taken to ensure that these measures are supported by macro-economic policies directed unambiguously to the control of inflation. Unless such a programme is attempted and gains some degree of success sizeable real pay erosion with its implications will remain the de facto incomes policy in the Sudan.

While the dramatic fall in real pay is by far the most urgent problem arising from the pay determination process in the public sector there are others, in particular, the absence of sound pay policies, inadequacies of control systems and the over-valuation of paper qualifications. These will now be discussed in turn.

8.3. ABSENCE OF SOUND PAY POLICIES

Apart from the minimum wage legislation and the recommendations of the ad hoc pay commissions, there is little to indicate the existence of a coherent and self-enforcing set of pay policies designed to advance the objectives of equity and efficiency in the public service. In a country where government is the dominant employer sound policies are not only essential in the one sector in which the government can determine the salary structure directly, but for the national remuneration system as a whole.

The experience of the last couple of decades or so clearly demonstrates that pay determination process itself has become increasingly chaotic. The few policy guidelines which emerge periodically are rarely implemented systematically, and government frequently resorts to crisis management despite the familiarity of the problems. Available evidence suggests that pay determination in the public sector in the 1950s, 1960s and up to early 1970s was, generally, less problematic than in the subsequent period (A Suliman, 1975). The major contributory fact to the then healthier atmosphere was the existence of well-defined policies spelled out by the Wakefield and Mills Commissions in 1951 and strictly adopted by successive governments. As a result, real pay remained fairly stable and the industrial relations climate was relatively peaceful (the incidence of strikes is reported to have been low). From 1951 to 1970 the real pay of a university graduate in the civil service had declined by 5 per cent, and by 3 per cent for the secondary school leaver while the unskilled worker enjoyed an increase of 20 per cent (Table 8.7). The deputy under-secretary, of course, experienced a 32 per cent loss in real pay, but this relative decline was the consequence of a deliberate policy objective to dismantle the colonial legacy of high top-bottom differentials in the public service pay structure.

As mentioned in Chapter 5, the 1978 Job Evaluation and Classificion Scheme was meant to bring drastic changes in the pay determination system in the Sudanese public service; following claims that pay policies and structures in operation from 1951 no longer relected the political, economic and social realities of 1970s. However, we have seen that the outcome was disastrous to the pay determination system partly because of structural deficiencies in the scheme itself and partly because of the employees' reluctance to accept the changes involved. Since then the government has been unable to provide either a coherent set of policies or

to implement its fragmentary policies in an effective way. In recent years committees have been set up to revise existing structures and to recommend new policies but these have been repeatedly rejected by different interest groups within the public sector. In one year (April 1985 to March 1986) six committees were established but all failed to restore stability and industrial peace, and the wave of disputes continues.

Of course the deterioration in public sector real pay itself appears to be one of the main causes of the persistent failure to adopt policies which might collectively rectify imbalances and bring order and stability to the pay structure. As was said earlier, no upward revisions in pay scales seem to be satisfactory in relation to employees' expectations. Thus, quite often in recent years different groups within the sector deliberately pursued industrial action to enhance their emoluments, whether their demands could be afforded by individual organisations or the treasury, and regardless of the creation of further anomalies. Concessions to such factional demands undoubtedly undermined the maintenance of an adequate and coherent set of policies.

The heterogeneous nature of the public sector make-up also tends to impede the attainment of a uniform pay policy. In the late 1950s and early 1960s the public sector was relatively small comprising basically the civil service. At that time it was not difficult to standardise job classifications and occupational nomenclatures or to rationalise pay differentials. However, due to the large-scale nationalisations in May 1970, the public sector expanded to cover a much wider range of agents, activities and occupations; by 1985/86 about one third of public sector employees were non-civil servants making it increasingly difficult to implement policies universally applicable or acceptable throughout the expanded public sector.

8.4. INADEQUACIES OF THE CONTROL SYSTEM

The weak and ineffective control exercised by responsible government agencies constitutes a serious problem in the public sector pay determination processes. In fact, inadequate government administrative and control capacity could be identified as one of the most significant factors underlying the apparent distortions, inconsistencies and anomalies in public service pay structures.

Formally, the Ministry of Finance and Economic Planning is the actual employer of every public sector employee. The Civil Service Department (CSD) is the organ of the Ministry responsible for determining grading, manning and pay structures and for monitoring their operation; within the CSD there is a section responsible specifically for public corporations. In theory at least, the system appears to be strongly centralised and neither individual government departments nor the corporations have the authority to make separate decisions involving adjustment of remuneration or conditions of employment without referring the matter to the Ministry of Finance and Economic Planning. This system was designed to achieve uniformity and preclude the emergence of a hybrid pay structure. But as the analyses in previous chapters have extensively revealed, designating one ministry as a sole employer of all public sector employees, seems not to have achieved a great deal in this respect, basically because of the ineffectiveness of government controls.

As noted earlier, there are three basic grading and salary scales for the entire public sector (excluding the public companies). The civil service generally appears to abide closely by the grading system, salary scales and allowances as formally laid down. Historically the civil service was the part of the public sector in which relatively tight control was achieved, partly because of the sheer mass of articles, decrees

and bureaucratic controls which make departmental modifications extremely difficult and partly because civil servants could not form pressure groups for sectoral or departmental pay alterations. However, in recent years, professional groups within the civil service have been able to obtain considerable increases in allowances; the special engineering allowance granted to every engineer in the public sector in 1985 for example is just one instance of such a development.

Control problems of the public sector are also acute in public authorities and corporations. The case studies have highlighted the widespread practices whereby individual organisations have, with or without approval of the Ministry of Finance, modified their general scale and effectively created 'in-house' grading structures, pay scales and allowances. The incidence of modifications and alterations is so pronounced that formal provisions are hardly traceable in many organisations. In 1984, for example, all budgeted posts in the Gezira Scheme were raised by one grade eliminating grade 18 and creating a new grade 2A; the Scheme also made advances to employees of 10 per cent of salaries later consolidated as a general 10 per cent salary increase.

Various factors have contributed to the apparent difficulty in exercising close control over public sector organisations. Although formulating strategies and policies may not automatically ensure their implementation, the lack of sound policies, observed in the previous section, has obviously undermined the responsible agencies' ability to apply available control devices. Another problem, however, arises from the fact that existing control mechanisms are themselves unco-ordinated and weak, and are poorly and perhaps incompetently applied (ILO, 1987c).[23] Under the present institutional set-up in which the public corporations function, a number of legislations, articles and ministerial circulars regulate the relationship between these corporations and the Ministry

of Finance and Economic Planning. The 1977 Financial and Accounts Procedure Act requires that:

> "Every Organisation or Corporation shall submit its budget to the Minister for passing it before the submission of the same to the authorities within the Organisation or Corporation"

(Section 13); in practice, such provisions are not strictly maintained due to the absence of sanctions and ineffectivness of auditing. As recently noted:

> "The office of the Auditor General has a severe backlog in the verification of the state-owned enterprises' accounts, with the result that these audits are an unsuitble management tool at all levels"(24)

Thus, the actual expenditures on allowances, loans and incentives, and the incidence of regrading and promoting of employees may not be systematically monitored by the Ministry simply because budgets are not compared with expenditures.

A further control problem relates to public companies organised under the 1925 Companies Act which was originally enacted to apply to private companies. As mentioned earlier, the Act authorises the Board of Directors to determine unilaterally the terms and conditions of employment of their companies' labour force. The Mixed Amendments Law (January 1986) was designed to bring public companies within the ambit of the Minister of Finance by requiring them to obtain approval before making any change relating to expenditure levels. The Law, however, does not appear to be enforced and there is some dispute over the exact position regarding the autonomy of the Boards and the power of the Minister to over-rule their decisions.

It is widely recognised, of course, that administrative laxity has created opportunities for adjustments and modifications of pay structures which could not have been exploited without the support of managements, who no less than employees, have a vested interest in improving the conditions of employment of 'their' organiastions, and are

adept in the arts of non-compliance, moreover, such resistance is undoubtedly facilitated by the inadequacies of the controllers. Thus, the ILO mission (1987b) asserts:

> "A weak demoralised civil service is ill-placed to apply strong effective controls over other parts of the public service even if there were clear and consistent controls to apply and a political will to apply them".

The most unfortunate consequence of the government's inability to control the pay determination process has been the development of sectional claims. Different groups firmly make claims on comparative grounds, and in the prevailing industrial and political climate in the Sudan when one group obtains a rise in pay or allowances, there will be pressures for similar treatment for other groups.

In the continuous struggle to improve the alarmingly low real pay levels, trade unions pursue sectional interest claims and back-up their claims with threats of industrial action notwithstanding the requirements of the established procedures involving conciliation, mediation and arbitration. In consequence, an environment has been created in which coercive comparability is a powerful method of pay determination, the ILO (1987c) notes:

> "Employees and their unions constantly compare improvements obtained by other groups with their own terms and conditions but frequently they look at the changes or new benefits obtained rather than at full package of rewards and duties"

The banks employees' 1986 claim for the nature of work allowance and the recent claim by GPC employees for the same allowance pesents an illustration of the strong force of coercive comparability in the public sector (case study 3 and 6).

The absence of job specifications and lack of adequate criteria for determining job content and effort complicates the mechanics of comparability. It is difficult if not impossible consequently to apply the 'equal pay for equal work' principle, and strong emphasis is, therefore, placed on educational qualifications as a basis for comparability

claims: 'equal pay for the possession of similar qualifications'. The importance of this comparative yardstick consequently focuses attention on the role of educational qualifications in determining pay in the Sudanese public sector, particularly the over valuation of 'paper' qualifications.

8.5. OVER-VALUATION OF 'PAPER' QUALIFICATIONS

Existing salary scales and grades - as shown in Chapters 5 and 6 - reflect a differential treatment of academic or paper qualifications in government employment. This is demonstrated by the fact that the recruitment process is almost exclusively based on cognitive certification performed by the schooling system, this certification is in turn directly linked to rather rigid channels of advancement. The higher the level of education the better the pay rates and career prospects. No matter how favourable a person's position - be he experienced, suitable for the job, creative, etc - he would generally be unable to increase basic salary above the rate corresponding to his educational attainment. Similarly, a person with a poor experience/performance record, if he had somehow managed to receive a degree, would be protected by paper qualifications; educational achievement is thus used as the sole screening device for entry to public service employment. This is not, however, to suggest that educational credentials are not generally a reliable indication of capacity, but the thrust of the argument is that they ought not to be taken as the only measure .

Although promotion and regrading might be expected to have the effect of removing part of this differential treatment after some years' service paper qualifications play a major role in giving access to promotion opportunities as individual examples (Table 5.15, Chapter 5) in-

dicate. Further evidence is provided by Ahmed (1980) who reported that only 3 per cent of assistant technicians in the civil service managed to obtain jobs normally requiring higher qualifications; and even those either had 15 to 20 years experience or had acquired additional academic credentials by part-time study.

It is not surprising then that many of the manning and pay problems currently experienced have more to do with the association syndrome of public sector pay levels and formal education qualification rather than with incentives related to job performance. It has become a well-established norm that employees with similar educational qualifications should receive the same salary and allowances regardless of job content, effort input or working conditions, while groups seek to differentiate their particular qualifications, special training or expertise to justify some form of preferential treatment. As mentioned in the previous section, the strong emphasis placed on qualifications is one of the main factors behind the upheaval of sectional demands. Moreover, this customary association between qualifications and recruitment into the public service has made the prevailing system inflexible and ill-equipped to adapt to changing labour market conditions or job requirements. There are, for example, shortages of technicians and suitably qualified employees below university graduate level; co-existing with conspicuous oversupply of arts and social science graduates (Chapter 2). While the 1985 - 86 adjustments have differentiated to some extent in favour of technicians, there still exists a 50-60 per cent gap between the basic salary of a university graduate and that of a secondary school leaver, a margin widened by other benefits and allowances. To overcome the shortage of technicians it may be necessary to reclassify their jobs into higher salary grades as part of a comprehensive restructuring of relative pay to be shaped by the service's skill needs rather than

customary payment for paper qualifications. Another method of dealing with the problem might be to 'filter-down', a process whereby the highly qualified are encouraged to train as technicians and accept entering at lower occupational levels. However, such a policy may not be feasible because of the attitudes of young employees (and their parents) who see university education as a passport to government employment and a licence to enjoy the fruits of its high pay and social status. Such attitudes, of course, generate excessive demand for university education while the vocational track remains a distinctively second class option (Chapter 2) despite endemic skill shortages.

8.6. CONCLUSION

This chapter has provided a general perspective on some problems currently facing the pay determination process in the Sudanese public sector. By far the most serious problem is the dramatic fall in real pay levels experienced during the last couple of decades or so. This has had an equally significant effect on performance, motivation, and commitment; deterioration in employee morale has undoubtedly undermined the effectiveness of public sector operations. There is now clearly an urgent need to halt the decline in real pay, yet the precarious state of government finances and the impact of public sector wage claims on the budget means that it is difficult if not impossible to reconcile the need to improve employees' purchasing power with prudent fiscal policy. Although it is widely asserted that there is overstaffing in many parts of the public service, and that reductions in numbers may enhance the government's capability to improve real pay of those retained, this course does not appear to present an easily achievable manpower policy option.

Another set of problems arises from the government's lack of coherent pay policies and adequate control mechanisms other than the fragmentary guidelines provided by the ad hoc pay review bodies. There is little to indicate the existence of clear-cut policies regarding the determination of pay for different occupational groups or different components of the public sector. While the civil service appears to be more directly and rigorously controlled, public corporations have developed extensive opportunities to modify and effectively increase emoluments notwithstanding the formal provisions laid down by the Ministry of Finance and Economic Planning. Under the present institutional framework, the government has only limited control over public companies' terms ofemployment. Consequently, a multitude of pay scales, grading systems and allowances has bred wide-ranging anomalies and distortions in the pay structures of the public sector as a whole. A strong tendency for coercive comparability has been developed as manifested by pressures and claims for special treatment, a process exacerbated by reliance on formal educational qualifications as the prime criterion for relative pay determination, to the exclusion of other yardsticks. The distortion of labour market signals inherent in this system has meant that manpower imbalances become inevitable and are largely irreversible without radical changes in the pay determination process itself.

Table 8.1

CIVIL SERVICE

Indices of Real Basic Salary Minima 1970 - 1986

Grade	June 1970	July 1974	July 1978	December 1983	July 1986
4	100	78	59	19	13
9	100	67	55	18	14
14	100	71	60	20	16
18	100	78	71	26	21

Source: Civil Service nominal salaries are deflated by CPI for higher salaried with the average CPI for the whole of 1970 = 100.

Table 8.2

CIVIL SERVICE

Annual Percentage Change in Real Basic Salaries 1970 - 1986

Month/Year	Grade 4	Grade 9	Grade 14	Grade 18
June 1970				
June 1971	+ 1.9	+ 1.9	+ 1.9	+ 1.9
June 1972	- 3.6	- 3.6	- 3.6	- 3.6
June 1973	-18.6	-18.6	-18.6	-18.6
June 1974	-19.1	-19.1	-19.1	-19.1
July 1974(1)	- 2.0(+21.2)	-16.3(+ 3.6)	-11.0(+10.1)	- 3.0(+20.0)
June 1975	+ 2.0	-12.8	- 7.4	+ 1.1
June 1976	- 3.0	- 3.0	- 2.8	- 3.1
June 1977	-11.0	-11.0	-11.0	-11.0
June 1978	-19.0	-19.0	-19.0	-18.8
July 1978(2)	+ 3.5(+27.8)	+12.6(+38.8)	+15.5(+42.5)	+26.3(+55.6)
June 1979	+ 8.7	+18.3	+21.2	+32.4
June 1980	-21.7	-21.7	-21.7	-21.7
June 1981	-23.4	-23.4	-23.4	-23.4
June 1982	-18.3	-18.3	-18.3	-18.3
June 1983	-22.9	-22.9	-22.9	-22.9
Dec 1983(3)	(+ 5.6)	(+ 7.9)	(+10.6)	(+23.0)
June 1984	-19.4	-19.4	-19.4	-19.4
June 1985	-32.1	-25.0	-21.7	-16.7
June 1986	- 0.3	+ 2.5	+ 3.0	- 1.3
July 1986(4)	+ 8.1(+ 7.7)	+10.7(+13.5)	+11.7(+15.9)	+ 7.1(+ 5.7)

(1) Figures in parenthesis are for June 1973 - July 1974

(2) " " " " " June 1977 - July 1978

(3) " " " " " Nov 1982 - Dec 1983

(4) " " " " " June 1985 - July 1986

Source: Derived from ILO, Pay and Collective Bargaining in the Public Sector in the Sudan, January 1987.

Table 8.3

CIVIL SERVICE

Percentage Changes in Nominal Basic Salaries and the Cost of Living Index 1970 - 1986

Grade	1970-74	1974-78	1978-83	1983-86	1970-86
4	23	39	10	43	169
9	14	52	12	63	189
14	11	57	15	73	243
18	18	70	29	67	329
CPI	72	86	246	112	2245

Source: Civil Service Pay Scales and CPI for Higher Salaried.

Table 8.4

Annual Growth Rates of Unskilled Worker's Real Wage and GDP per capita 1970 - 1986

Year	Real Wage (1)	Annual Growth Rate (2)	GDP Per Capita (3)	Annual Growth Rate (4)	Difference (2) - (4) (5)
1970	148.2	-	54.7	-	-
1971	150.9	+ 1.8	58.9	+ 7.7	- 5.9
1972	145.5	- 3.6	61.3	+ 4.1	- 7.7
1973	118.4	-18.6	55.0	-10.3	- 8.3
1974	95.7	-19.2	49.1	-10.7	- 8.5
1975	65.3	-31.7	47.7	- 3.9	-27.8
1976	63.3	- 3.1	58.1	+21.8	-24.9
1977	56.3	-11.1	62.2	+ 7.1	-18.2
1978	45.7	-18.2	55.1	-11.5	- 6.7
1979	60.5	+32.4	52.1	- 5.4	+37.8
1980	47.4	-21.7	48.3	- 7.3	-14.4
1981	36.3	-23.5	50.7	+ 5.0	-28.5
1982	29.6	-18.5	55.0	+ 8.5	-27.0
1983	22.3	-24.7	53.2	- 3.3	-24.4
1984	34.9	+56.5	52.9	- 0.6	+57.1
1985	18.5	-47.0	42.8	-19.1	-27.4
1986	28.9	+56.2	45.9	+ 7.2	+49.0

Source: Real wage data refer to an unskilled worker's wage in the Civil Service deflated by CPI figures for June every year except for 1986 in which April CPI used. GDP per capita figures (at current prices) are also deflated by CPI in June each year and obtained from World Bank: Sudan, Problems of Economic Adjustment, 1987.

Table 8.5

Income Distribution in the Sudan

	1976/77			1982/83		
Economic Sector	Average Income (£s)	Population Share %	Income Share %	Average Income (£s)	Population Share %	Income Share %
Agriculture	74	68.5	79.2	215	65.8	34.3
Service	108	15.5	13.0	267	19.5	12.6
Industry	184	4.5	6.4	602	3.5	7.9
Utilities	237	0.9	1.7	757	1.1	2.0
Construction	255	1.8	4.9	967	2.1	4.9
Transport	404	3.4	10.6	1033	3.8	9.5
Commerce	640	4.9	24.2	2813	4.2	28.6
Total		100.0	100.0		100.0	100.0

Source: Derived from Ali, A, Structural Adjustment in DSRC, Employment and Economic Reform, 1986, p 93.

Note: The economic sector is regarded as the income class and employment is used as population weight. As GDP figures are in current prices, this table reflects the distribution of nominal income.

Table 8.6

Profit and Loss of 16 Parastatals between 1975/76 and 1983/84
(£s = 000)

	1975/76	1982/83	1983/84
Gezira Board	(4438)	(2608)	NA
Mechanised Farming Corp	(239)	(2188)	NA
Rahad Agricultural Corp	-	(NA)*	(NA)*
Blue Nile Agricultural Corp	(339)	(NA)*	(NA)*
White Nile Agricultural Corp	-	(12508)	(13716)
New Halfa Agricultural Corp	(202)	(2095)	(3768)
Friendship Textiles	-	(819)	(959)
Hag Abdalla Textiles	33	(1024)	(4556)
Guneid Sugar Company	(491)	(8584)	(9415)
Maspio Cement Company	645	2925	315
Cotton Public Corp	355	2393	6997
National Electricity Corp	NA	(24356)	NA
Khartoum Water Corp	NA	(6239)	(5701)
Sudan Railways Corp	(1380)	(19600)	(40480)
Sea Ports Corp	4942	41900	35000
River Transport Corp	(188)	(1687)	NA

Source: World Bank (1987): Sudan, Problems of Economic Adjustment, p 67.

* Even though figures are not available, it is known that these enterprises suffered losses in these years and have continued to do so.

Table 8.7

CIVIL SERVICE

Nominal and Real Pay Scales (£s per annum) & Indices of Real Pay for Selected Grades 1951 - 1970

Grade	1951	1960	1966	1970
1. Nominal Salary				
IV	1548	1740	1865	2116
Q	330	468	532	632
J	180	252	306	350
I	70	101	127	168
2. Real Salary				
IV	1548	1200	1084	1053
Q	330	323	309	314
J	180	174	178	174
I	70	70	74	84
3. Real Salary Index				
IV	100	78	70	68
Q	100	98	94	95
J	100	79	99	97
I	100	100	106	120
4. Cost of Price Index	100	145	172	201

Source: Data for 1951 from Wakefield and M ills Commissions' Reports, 1951. Figures for 1960 and 1966 from 1968 Commissions, and figures for 1970 are provided by CSD.

N O T E S

1. E Berg, op cit, p 295.

2. ibid.

3. See Table 7.11 (Chapter 7).

4. See World Bank (1987).

5. Revealed in an interview with SWTUF officials.

6. ILO (1987a), p 96.

7. See ILO (1987b).

8. Gini Coefficient ranges from sero to one; zero implying perfect equality and unity indicating extreme inequality. In general the Gini Coefficient is below 0.40 in the industrialised world, varies around 0.50 in most Affrican countries, and approximates to 0.60 in some latin American countries. See ILO (1987b), op cit, pp 36-37.

9. See A Ali (1986).

10. See M Diab (1985).

11. A Ali (1985).

12. See J Jacobs (1983), p 11.

13. ILO (1987b).

14. ILO (1987a).

15. ILO (1987b).

16. See M Hussien (1985).

17. World Bank (1987)

18. ibid.

19. ibid.

20. ibid.

21. ILO (1987b)

22. There is always the danger that such allowance will spread throughout the country and thus become ineffective as an allocative tool.

23. ILO (1987c), pp 31-39.

24. World Bank (1987).

CHAPTER NINE

SUMMARY AND CONCLUSIONS

9.1. SUMMARY

The prime object of this thesis, as stated in the introduction, is to examine in depth the nature of public sector pay determination in the Sudan and, thus, to identify the factors affecting the process and influencing the pay rates available to government employees in both relative and absolute terms. Therefore, this study followed an inductive/empirical approach.

Chapter One provided the theoretical background by reviewing the relevant theories and accordingly a broad conceptual framework was established. The chapter started by identifying some distinctive features of pay determination problems and pay structures in LDCs. It emerged that dualism, wide pay differentials, extensive government intervention and the supremacy of non-economic factors in pay determination are basic characteristics of LDCs' labour markets that have few parallels in more developed economies. This was followed by an examination of wage theories advanced within the domain of development economics, to discover whether there can be one all-embracing theory of wages that explains the reality of the situation in LDCs. One of the most prominent development

theories has been the labour surplus (or Lewis) model which postulates that competitive pressure from surplus labour in the 'traditional' sector is expected to keep wages for the unskilled labour in the 'capitalist' sector at levels determined by subsistence requirements in the former, due allowance being made for differences in the cost of living and other characteristics of the two sectors. The model further assumes that as development proceeds, employment will expand in the high productivity capitalist sector until such time as the labour surplus is fully absorbed and eventually real wages will begin to rise. The Harris-Todaro model of internal migration contends that the exogenously fixed urban wage rate is much higher than the 'subsistence plus margin' wage proposed by Lewis, and despite rising unemployment levels in urban centres, this wage remains rigid. This model was apparently unclear about what exactly determines the wage rate in the urban sector. J Stiglitz (1974, 1976) attempted to answer the question while retaining the assumption of dualism. He argued that the apparent gap between rural and urban wages is the outcome of rational wage setting by employers and the relatively high wage in the urban sector is required to reduce the cost of labour turnover and/or improve efficiency.

These models have been criticised on the grounds that the behaviour of wages in many LDCs in recent years was out of line with their predictions. Serious doubts have been cast on the usefulness of these models as analytical constructs for treating problems of wage determination in developing economies. Thus, attention has turned to the consideration of alternative theories and several attempts have been made in the recent past to apply some of the emerging labour market models to the problems of LDCs. Among those models considered in Chapter One were the 'Internal Labour Market', 'Segmented Labour Market' and 'Rent-Seeking' theories. The ILM and SLM emerge from the so-called literature of 'dual labour

markets' which postulates a distinction between a primary and a secondary labour market. While supply and demand forces are important in secondary labour markets, administrative regulations, custom and habit determine the wage rate for the job rather than for the worker in internal labour markets of the primary sector. Within an LDC context segmentation is reflected in rural/urban, formal/informal, and public/private sectors' dichotomies. The basic idea is that the higher wages paid in some sectors result from 'protection' whether stemming from particular government, union or company policies. The Rent-Seeking theory, on the other hand, maintains that the wage rate is exogenously determined and contends that where wages are rigid, and there is unemployment, part of the earnings of the employed constitutes a 'rent'. Whatever the ventures and limitations of these theories it was concluded in Chapter One that although different labour market models may explain some aspects of pay determination processes in LDCs, none can stand as a single all-embracing theory of wage determination in such economies. Nonetheless, the assumptions of these models indicate that a synthesis of two basic approaches, market and institutional, is essential to the formulation of any theoretical structure which may approximate reality and have any general predictive value. Such a synthesis was regarded as a broad conceptual framework for analysis of public sector pay determination in the Sudan.

To examine the relative impact of market versus institutional forces it was deemed necessary to draw a picture of the characteristics and functioning of the labour markets in the Sudan and Chapter Two provided the required analysis. The realisation that general economic environment greatly influences the demand for labour, the supply of labour, the ability of government to pay, and thus the wage levels, meant that it was essential to review the major developments in the Sudanese economy over the last 15 years or so. It was revealed that the Sudan is currently facing a deep-

ening economic crisis created by a multitude of internal and external forces. Thus, it has not been possible either to halt the rapid deterioration in output or to control the sky-rocketing inflation. As a result, the absorptive capacity of the economy has been severely curtailed leading to mounting labour demand problems which, coupled with the structural supply-side problems, have created major imbalances in the labour market. A severe shortage of experienced skilled manpower exists concurrently with apparent surpluses of university and secondary school graduates as well as surpluses of unskilled labour. Shortages are directly associated with the massive exodus of Sudanese skills to oil rich Arab countries while part of the surpluses could be attributed to the influx of refugees from neighbouring African countries. Chapter Two also showed that the labour markets are stratified into rural/urban and the formal/informal segments. The formal sector labour market is dominated by the public sector.

Chapter Three detailed the size, the growth and the leverage implications of public sector employment. It was found that more than 80 per cent of workers in the formal sector work for the government in either the civil service or in the parastatals. Past government policies such as 'guaranteed employment' led to substantial increases in the volume of employment, wage expenditure with considerable over-manning in government departments. A major problem is that the extent of this over-manning cannot be determined with any precision owing to the lack of information regarding prevailing staff levels and the absence of yardsticks for measuring public sector labour requirements. Nonetheless, we have argued that such overstaffing must affect government's ability to maintain 'adequate' pay levels.

The analyses of public sector pay started in Chapter Four, which examined the historical development of pay structures and pay determination

processes since the establishment under colonial rule of formal administrative structures in the Sudan up to 1969. Our belief that the historical legacy is an influential factor in the pay determination process was confirmed. The use of an ad hoc commission as the chief method of pay determination was first introduced by the British half a century ago and is still perceived by policy-makers as indispensable. Adherence to principles such as the subsistence requirments for determining the minimum wage proposed by the Wakefield Commission in 1951 also persists, while the preservation of a top-down pay structure allows for wide pay and benefits differentials in favour of elitist senior civil servants.

Chapter Five was concerned with the analysis of current pay levels, elements of remuneration, salary trends and the major developments since the early 1970s. Partly reflecting the influence of historical legacy and partly because of technical shortcomings and the government's arbitrary decisions, the first attempt to introduce a job evaluation scheme in 1978 was disastrous. The scheme created far more anomalies than it rectified, and coupled with inflationary pressures led to a deteriorating industrial relations climate. With unions and professional associations increasingly resorting to industrial action in support of pay claims, whether for removal of anomalies or fresh rewards, government concessions to sectional demands have increased the propensity for 'coercive comparability' among different groups generating never-ending waves of demands and/or strikes. These demands were prompted, of course, by the drastic fall in real basic pay scales and were partially met by improved allowances which have become as important as basic salary, undermining the coherence of pay structures and creating further anomalies and distortions. Through the exertion of industrial and political pressures unions succeeded in increasing effective pay, most of the time through special allowances. Chapter Five, also, showed that internal labour market

provisions influence the basic salary rate and the amount of allowances paid to the employee. They, nonetheless, reduce the scope for the working of market forces within the civil service labour market.

Chapter Six examined the pay in the parastatal sector. In principle there are formal grading classifications and pay scales at least for the public corporations and public authorities. In practice, however, these organisations have been quite successful modifying their pay scales and allowances extensively. These modifications have been possible partly because the system itself is weak and can be easily manipulated and partly because pressures from some of these organisations are too strong to be resisted. Consequently wide-ranging variations and disparities exist among the gross pay of broadly comparable groups in different parts of the public sector which could hardly be taken to reflect differences in economic circumstances.

This issue of intra-sectoral pay differentials was further examined, along with other kinds of differntials in Chapter Seven. Generally, a compression in occupational differentials over time (at least with regard to basic salary) could be observed. But it was not possible to establish whether the compression applies to all components of total remuneration. Moreover, little evidence was found to indicate that the pattern of occupational differentials between different groups reflected changes in the underlying supply and demand conditions. Our contention was further confirmed by the apparently wide but not economically justifiable pay differentials among employees in various public sector organisations. It was also found that a turning point in the relationship between the pay of public sector and private sector employees (particularly at the bottom of pay structures) coincided with the introduction of the minimum wage legislation in 1974. Evidently, by imposing a floor to private sector wage, which was effectively equated to the public sector minimum, the

legislation has pushed up the unskilled wage rate above the levels prevailing in the public sector and/or required to clear the market. In all, analysis in Chapter Seven pointed to the conclusion that institutional factors play the chief role in determining the relative and absolute pay levels for public sector employees.

Chapter Eight highlighted some of the problems involved in the establishment of 'adequate' pay levels in the public sector. As this study indicated, the problems facing the pay determination process are numerous and inter-related. It was by no means possible to deal exhaustively with all these problems and thus a few targets which were thought to require immediate policy concern were singled out. By far the most serious problems originate from persisting inflationary pressures. Real pay in 1986 was as low as 13 per cent of the 1970 levels with notable negative impact on morale, motivation and performance. While a number of pay increases took place in recent years it appears that such advances were insufficient to halt deterioration in real pay. In the circumstances of uncontrollable national economic problems government's ability to curb inflation and/or to provide full compensation for the increasingly rising costs of living has been severely undermined. The cycle of sectional demands in recent years could, therefore, be seen primarily as attempts to improve real pay although they also reflected the weakness of the system and the absence of adequate policies. Apart from the general guidelines set by the pay review bodies there is little to indicate that the government is pursuing any coherent and self-enforcing set of policies for the remuneration of employees. The use of an ad hoc committee system itself is an indication of the crisis management - responses designed simply to diffuse current industrial pressures. The absence of clear-cut policies coupled with a weakened and demoralised adminsitrative machinery has significantly impaired the government control system. The apparent

failure of the Ministry of Finance and Economic Planning to impose its standard provisions on individual public sector organisations is just one example of the ineffectiveness of the formal control system. Problems of control have been exacerbated by the exclusive reliance on formal educational qualifications for the determination of relative pay scales. Employees typically ask for 'equal pay for the possession of similar qualification' regardless of the relative job content or effort input. Obviously, such a tendency to emphasise qualifications as the basis of comparison makes it difficult to reward performance and differentiate between employees' abilities and skills other than those believed to be provided by edcuational attainment. Thus, inherent in such a system is the displacement of economic and efficiency considerations.

9.2. IMPLICATIONS FOR THEORY

The findings of this study appear to have provided sufficient material for working out a sketch of a theoretical framework approximating the practice of pay determination in the Sudanese public sector. It can be a viable analytical construct for future study of similar experiences in other LDCs.

(i) There is a lower limit fixed by the cost of fulfilling 'subsistence' requirements below which wages are not allowed to fall. This is effected, however, not through the long-term adjustments in labour supply as envisaged by orthodox theories (for example the Lewis' model) but through the actions of the government and trade unions. The government may have political interest and the unions may have social interest in raising the level of minimum wage above what is needed to meet physiological requirements. Whatever the case, once the living standard of workers measured in terms of 'needs - satisfaction' establishes the basis

for the determination of wages, it follows that the content of this wage has to be safeguarded against a fall in the purchasing power of money wages. Failing to do this means that the principle of needs-based wages is undermined. The payment of a cost of living allowance in the past subsequently replaced by a range of other allowances is thus theoretically justifiable. Nonetheless, real pay in the public sector fell well behind levels achieved a decade or two ago indicating the significance of other factors in the pay determination process.

(ii) The upper limit to the rise of wages is determined by the government's 'ability to pay'. It is this ability which ultimately determines the government decision whether to provide full compensation for real pay erosion or not. Such a decision in turn depends on economic conditions, domestic rate of inflation and external pressures.

(iii) Assuming that both these limits are determinate, the actual salary rates will fall somewhere between these two limits and will be determined by a number of variables which include:

a) The influence of unions: the hypothesis of the union-wage relationship is traditionally sought to be verified by correlating the degree of unionisation with relative pay levels over time and space. It is also established that unions exercise their influence at the negotiating table. Neither of these conditions are relevant in the public sector in the Sudan. Yet as stated more than once in this study, individual unions and the labour movement in general play a significant role in determining relative and absolute levels of pay through the exertion of 'political' pressure.

b) Historical legacy: this is one of the factors which is, understandably, not included in existing theoretical approaches. Nonetheless, it could take various forms. adherence to the

principles established by colonial governments some decades ago; the persistence of pay structures which as originally initiated were intended to benefit the foreign ruling-class, and continued largely because of the disproportionate influence of bureaucratic elite (conventionally senior civil servants or decision-makers); the adoption of the same pay determination machinery and the prevalence of attitudes which typically make any kind of change a difficult task.

c) Government Policy or Decision: as in many LDCs, the government in the Sudan has been obliged by circumstances to play the role of 'pace-setter', 'model-employer',and 'employer of last resort'. In effect, policies such as 'guaranteed employment' have been pursued with a direct impact on the levels of public sector pay, and few parallels, to the best of my understanding, in the existing body of the relevant theory. Moreover, enough evidence has been brought about in this study to suggest that government's decision is by far the most influencial determinant of absolute and relative pay levels. Apposite to say that such decisions need not be economically justifiable.

d) Internal Labour Market Provisions: The basic assumptions of the Internal Labour Market theory are evidently materialised in the employment practices of the public sector in the Sudan. For example, in the civil service, entry to the service is restricted to three 'ports', unskilled workers enter at grade 18, secondary school leavers at grade 14, and university graduates at grade 9. Other posts are filled through upgrading and promotion. However, one major difference is that wage rates are not established on the basis of a job evaluation scheme as postulated by the theory. In

consequence, other assumptions advanced by the ILM theory cannot be verified, for example, that promotion is based solely on 'merit'.

e) Educational Qualification: the recruitment to the public sector and the channels of advancement are exclusively determined by educational attainment. To this extent the practice in the Sudan exhibits the features of 'credentialism' model which refers to a situation in which there are several levels of jobs with rigid wages and several levels of education, and in which preference for hiring in a particular job is always given to the applicant with higher educational qualification. Sudan's experience also verifies the 'rent-seeking' hypothesis and in the current circumstances of rigid pay scales and notable graduates unemployment, many of the public sector posts could be considered, in line with the assumptions of this theory, as 'rent-bearing' jobs. However, on the evidence of this study it is not possible to verify the hypotheses of the 'bumping' model which asserts that even though there is a rent seeking, there is no unemployment because as education expands better educated workers will 'bump' their less educated cohorts off each level of the job ladder. In the process, the model assumes, the average wage rate will fall. There is little to indicate that unemployed educated Sudanese are accepting jobs at lower levels, a failure which may be related to social factors.

f) The Form of Organisation: this study revealed that the public sector is not a homogeneous body. The exact form of organisation, civil service unit, public corporation, or public company is very significant in terms of effective pay available to public sector employees. Given the relative importance of the parastatals as employers vis-a-vis the civil service, it is within the public

sector that much of the comparison and subsequent dissatisfaction over pay differences occurs. Thus, there is a notable labour market segmentation within the public sector where workers with identical human capital characteristics are rewarded differently depending on the segment of the public sector (labour market) in which they happen to be located. This implies that segmentation within the public sector can be more significant than in the traditional 'sectoral straight-jackets'.

This attempt at providing a schematic explanation of the determination of pay in the public sector in the Sudan, sheds some light on the relevance of existing theories of wage determination in developing economies. The analysis reveals that while most of the existing models individually provide an explanation for one or more elements constituting this complex process, none is comprehensive enough to encompass all the variables identified in the foregoing postulated framework. It is acknowledged, of course, that a major problem with such a framework is that identification of relevant variables calls for their quantification and measurement, and it is apparent from this study that many of these variables are not easily quantifiable, certainly in terms of the economist's measuring techniques or analytical tools. It is suggested that future empirical investigation of public sector labour market operations in LDCs should be multidisciplinary in approach if a fuller understanding of pay determination in such countries is to be reached.

9.3. IMPLICATIONS FOR POLICY

The clear messsage that arises from the findings of this study is that there is a pressing need for reform. But the big question is how? To be successful any reform programme needs to encompass three basic

elements: a) definition of problems and needs; b) development of strategies for reform; and c) development of instruments of action for implementation.

The problems currently facing the public sector are complex, enormous and interconnected. Immediate policy decisions need to be taken simultaneously in the three main areas of pay, staffing levels and productivity. There is a need to improve real pay levels, to reduce the volume of employment and more importantly to increase output and efficiency. But the improvement in pay and allowances is directly related to the possibility of saving in manpower and improvement of output. At the same time, it will be unrealistic to expect an improvement in performance and efficiency without a corresponding improvement in the current levels of real pay.

A comprehensive set of recommendations has been put forward by a recent ILO mission to the Sudan (for details see ILO 1987b and 1987c). These recommendations establish the general policy requirements as well as the machinery for reform. They include:

a) Determination of appropriate staffing levels throughout the public sector on the basis of a comprehensive Organisation and Method (O & M) analysis to determine functions, and the tasks to be done with the required level of effort and output for members of each grade.

b) Rationalisation of current staffing levels through shifting qualified labour from surplus to under-manned services, introduction of attractive incentives for voluntary retirment, inducement of some potentially redundant staff in the public sector to move to the private sector, and provision of incentives for occupational and geographical mobility.

c) The establishment of appropriate salary scales and allowances. Relative salary levels should be based on job evaluation techniques which take due account of the importance of job content, while more attention should also be paid to labour market conditions; the importance attached to formal educational qualifications should be reduced.

d) The Civil Service Department should be strengthened; addditional specialists and expertise in job evaluation techniques, manpower planning, labour economics, statistics and accounting should be provided to enable the department to analyse and implement effectively the pay policies and staffing issues in all parts of the public sector.

e) The establishment of a Staffing, Pay and Productivity Board (SPPB) with members from the Civil Service Department, Ministry of Finance and Economic Planning, trade union federations, parastatal organisations, private industry and the Ministry of Labour and Social Security. In addition to providing the analysis and detailed policy proposals to initiate and implement the reforms in the public sector, the Board should also discuss proposed changes in salary scales and allowances for all public sector employees.

Defining the problems, determining the deficiencies of the system and formulating overall strategies have never been difficult tasks. Since the political independence in 1956 endless committees, international organisations' missions and other investigative bodies have produced reports, explored various problems and numerous recommendations. Nevertheless, the dilemma of reform programmes in the public sector in the Sudan resides in the mediocrity of their results. Many obstacles arise

at the implementation stage. The list may include resistence of employees to new ideas, lack of adequate support and commitment on the part of government, inadequate skills to execute the reform programme and insufficient data. These obstacles contribute to the wide gap between proposed and executed change.

Over the last couple of years the idea of a social contract has emerged. It was first proposed by the National Economic Conference in February 1986 and since then it appears to be high on the government agenda. In its policy statement to the 1986 Constituent Assembly the newly elected government claimed that it would seek agreement with trade unions on a social contract to achieve social peace and mobilise the nation for the reconstruction of the economy. The same claim was repeated recently amongst the seven-points reform plan announced by the Prime Minister in an address to the Assembly on 24 March, 1988. Moreover, the 1986 ILO mission was asked that its report should be written on the assumption that a social contract would be established. Consequently, the mission's report (1987c) detailed the obligations and commitments of the government, trade unions, employers and management as well as the benefits and dangers of a social contract. The report identified five main areas in respect of which general policy agreement between government and trade unions ought to be obtained: i) efficiency in the public service; ii) improvement of real pay levels; iii) periodic review of salaries and allowances; iv) effective price control systems; and v) adherence to agreed methods for peaceful resolutions to industrial disputes. In theory, it may not be difficult to achieve consensus on such policy matters, or even to convince the social partners to accept the sacrifices involved. But still the practical problems remain, and the way in which the social contract is currently presented by the government adds to the general scepticism. Recent statements by government officials give the impression

that the social contract will provide solutions to all problems, not least the drastic fall in real pay which is by far the major concern of employees. Inevitably this will lead to the creation of excessive expectations, endanger the realisation of policy objectives and make the required changes more unattainable.

From what has been said above, one is compelled to ask whether anything can be done to improve the prospects of effecting change. If the response is to be affirmative, there are policy prerequisites whether or not there is a social contract.

Firstly, there must be clear evidence of genuine commitment of the government to reform. Immediate actions are needed to bridge the current gap of mistrust between the government and employees or trade unions. For example, measures to control prices or to curb black market activities can enhance the opportunities for the success of reform ideas. On the other hand, measures such as raising senior civil servants' salaries by 100 per cent without corresponding increases for other groups (as occurred in April 1988) obviously serve to make policies unacceptable to the majority.

Secondly, a more realistic approach to reform may be achieved through employee involvement. The prevalent elitist rigid approach does not offer employees the opportunity to participate in, or influence change. So exclusivist have most policies and practices been that employees are never told the reasons for change or the rationale for decisions.

Thirdly, the personnel responsible for defining reform policy and implementing it are often ill-equipped in terms of required training. Lack of understanding and expertise by those in command of reform processes weakens their potential impact. Extensive training programmes to familiarise employees with the new order and conditions, and to develop necessary skills are crucial for acceptance and implementation of reform.

Fourthly, reform must be comprehensive and rest on a system perspective rather than on a piecemeal approach.

Finally, diagnostic data ought to be collected and discussed openly to inform or allow those affected to become involved in the process of change. Such involvement through information and feedback mechanisms results in a) more constructive attitudes by employees, and b) improvements in the quality of all aspects of reform because of the greater validity and completeness of information and analysis.

Thus, we believe that the public sector pay determination system in the Sudan needs to be subjected to some kind of almost 'revolutionary' upheaval that will shatter its status quo and reorientate it effectively towards the twin goals of equity and efficiency.

A P P E N D I X A

CASE STUDIES

C A S E S T U D Y (1)

SUDAN RAILWAYS CORPORATION

(SRC)

INTRODUCTION

Railways play a significant role in the Sudanese economy. In a country where other modes of transport are not highly developed like the Sudan, the railways remain the most dominant mode of transport and it is almost monopolising the transporation system conveying over 90 per cent of exports and imports. In the field of passenger traffic, the Sudan Railways is also the biggest carrier with three million passengers moving annually by railways during the last decade.

EMPLOYMENT

Outside the civil service, Sudan Railways Corporation (SRC) is the largest employer in the country. In 1986, the total number of employees amounted to 34,043 (Table A.1.1). However, comparing this figure with the size of the workforce in 1983 shows a reduction of 2.9 per cent during the period. This reduction reflected the compound effect of two factors: a) high turnover; and b) low recruitment levels. As evident from Table A.1.2 a relatively large number of railways staff left the Corporation during the period 1980 - 1985, and as the management acknowledges the drift continues. Those who left the service, for a variety of reasons, represented 16.7 per cent of the workforce in 1983. Although

the exact number cannot be given, those who left the SRC voluntarily constitute the majority of leavers. Also, although the reasons for quitting are not recorded, it is the Personnel Manager's view that most leavers, particularly engineers and technicians, emigrated.

As part of its Structural Adjustment Programmes in the Sudan, the World Bank has recently stressed the need to rationalise the size of employment in Sudan Railways. The Bank's missions to the Sudan believe that the Corporation is overstaffed, and any particular course of reform should begin by cutting the number of employees drastically. In a recent report the Bank suggested that 50 per cent of the existing workforce would be sufficient to run an efficient and profitable business. In consequence, the Bank has consistently attempted to have SRC management committed to this policy objective and made it a condition for any maintenance loan, technical assistance or rehabilitation programme.

However, the SRC management holds a different view. A number of top management members interviewed by the researcher think that the Bank is grossly mistaken. In their opinion there is overstaffing but the problem arises from the fact that the SRC is currently running on only 30 per cent of its capacity due to the lack of spare parts which have to be imported and for which hard currency is not made available. If an adequate supply of spare parts could be obtained and the working capacity raised to 60-70 per cent, there would be enought work sufficient to justify current manning levels. Nonetheless, the prevalence of overstaffing in certain departments of SRC has not been challenged by management. For example, the Personnel Manager pointed to the apparent overstaffing in the carpentry section. In the past, coaches were manufactured locally in SRC workshops but since 1980 the Corporation has imported ready-made coaches from Europe; no employees were made redundant bec ause it was thought that some of these employees could be transferred

to areas of shortages, an expectation difficult to realise. Sections and places needing labour are usually in remote areas where living conditions are comparatively hard; many preferred to leave SRC rather than move to rural areas. Employees asked about this preference to work in the city, said that urban work gave the chance to find another job to supplement their railway wages which have become insufficient to acquire basic necessities.

GRADING SYSTEM

According to the general classification of the Ministry of Finance and Economic Planning in respect of terms of service in the public sector, SRC is a public authority. In effect, it has the same grading structure as the civil service which comprises 19 grades. Grades 1 -14 are largely for the classified staff and grades 15 - 18 cover the unclassified workers. However, as Table A.1.3 shows, a significant proportion of unclassified category are in grades 10 - 13, reached through promotion and after service of almost 20 - 25 years.

The recruitment grades in SRC correspond to those for the civil service and other public authorities. Grade 9 is for university graduates, grade 14 for secondary school leavers, and grade 18 for the unskilled workers. This leaves the remaining grades to be filled by promotion. Except in very few cases where there is a pressing need to recruit some highly qualified personnel, for example, as advisers, it is not customary to recruit in grades above specified entry levels.

The relatively small numbers of staff in the recruitment grades (9, 14 and 18), shown also in TableA.1.3, confirms our earlier observation that there has been a decline in the number of new recruits in recent years.

PAY SCALES

Although SRC uses the grading structure that is formally provided for public authorities, it has adopted the salary scales for public corporations, (Table A.1.4, column 2). Column 5 in the same table provides a comparison between pay scales in SRC and the civil service. Differentials vary from 4.9 per cent to 22.2 per cent with regard to the basic salary minima. However, at the scales maxima these differentials have been slightly reduced, ranging from 1.5 per cent (grade 14) to 15.3 per cent (grade 7).

Comparison of the salary scales in SRC with similar public authorities' scales, reveals that while the SRC pays higher salaries in grades 1 - 12, it offers relatively lower rates to those in grades 13 - 18 (Table A.1.4, column 6). For example, an SRC employee in grade 6 receives a 13.9 per cent premium in comparison with an employee in the same grade in another public authority. On the other hand, another SRC employee in grade 18 may get a rate which is 3.1 per cent lower than the basic salary rate payable in another public authority. The adoption of public corporations' pay scales may thus mean two different things to SRC employees: for some, and not unexpectedly the classified, it means higher salary, and for the majority the unclassified lower income.

ALLOWANCES

A number of allowances are payable to SRC employees. Basically, they entail standard and non-standard allowances. The standard allowances are either payable to all SRC employees or all members of certain grades. The housing, nature of work and travel allowances are payable to everyone with the rates shown in Table A.1.5. Entertainment allowance is received by the staff in grades 1 - 4 and the responsibility

allowance by those in grades 1 - 5. Some allowances are payable to those possessing certain qualifications or meeting specific conditions, such as the engineer's special allowance, mileage allowance, out of station allowance, crew trip allowance, the urban allowance, and climate allowance.

Allowances considerably raise the employees' gross salaries. Table A.1.6 shows the index of gross salaries relative to basic salaries for all SRC grades. As evident, the standard allowances increase the basic salaries by amounts ranging from 58.8 per cent to 111.5 per cent. The numbers and quantum of allowance become more significant the higher the grade. In effect the ratio of gross salary to basic salary is relatively higher in the top four grades.

Basic salaries are further raised by non-standard allowances. Table A.1.7 provides examples of the gross salaries of employees in grades 4, 9, 10A, 14 and 18, drawn from the monthly pay-sheets record as for July 1986. The gross salary of a train crew, for example, indicates that the non-standard allowances (out-of-station, trip-money, and the urban allowances) represented the equivalent of almost 65 per cent of his basic salary for the month; far more significant than what he received in standard allowances which amounted to about 49 per cent. These pay data in Table A.1.7 demonstrate clearly any analysis of relative pay in the public sector which excludes allowances would be seriously misleading.

These examples also show that overtime is an important pay component in the earnings of some SRC employees, particularly the unclassified staff. For instance, the labourer in grade 18 received more than 150 per cent of his basic wage for overtime work in the previous month. While there may be special working requirements which make high overtime working unavoidable in SRC, the Personnel Manager claimed that the widely open opportunities for overtime work have serious implications for work prac-

tices and labour costs: many workers deliberately delayed work from normal hours to justify the more generously paid overtime hours.

LABOUR COST

Table A.1.8 shows the budgeted expenditure for the financial year 1986/87 which amounted to about £s90 million. This table was compiled from the SRC Annual Financial Report, 1985/86. However, information obtained from the Personnel Manager of SRC indicated that labour costs could be in the order of £s120 - 140 million for 1986/87. Moreover, a simple mathematical multiplication of the numbers of staff in each grade with their minimum basic salary would put the cost of basic salaries alone well above £s90. Such divergence in the actual cost and reported cost clearly reflects the ineffectiveness of the public finance control system.

Nonetheless, even these rather unrealsistic estimates suggest that total personnel cost accounts for some 78 per cent of total annual estimated operating costs of £s115 millions and to some 70 per cent of the gross budgeted revenue of £s128 million for 1986/87 (figures quoted from SRC, Annual Financial Report, 1985/86). In the light of these labour cost figures, the case for reduction in SRC payroll costs is easy to make. Any policy to control the payroll costs must consider the numbers employed as well as the elements of costs. It is evident from Table A.1.8 that overtime payments amount to the equivalent of 15 per cent of the provisions for basic salary, a cost which appears inconsistent with the assertions SRC is over-manned. However, this largely reflects the development of mal-practices regarding overtime work and the lack of management control over such practices.

INDUSTRIAL RELATIONS

There are two unions in SRC: the Sudan Railways' Workers Union (SRWU) representing the unclassified; and the Sudan Railways' Officials Union (SROU) for the classified staff, with virtually 100 per cent membership for both unions.

SRWU is not only the largest union but it is also the first union to be established in the Sudan. In July 1947 the railway workers gained recognition of their union after a 12-day strike, and three years later were able to form the Sudan Workers' Trade Unions Federation along with other unions which were established following SRWU formation. Since then the role and influence of SRWU in the industrial relations as well as the political scene has been of major significance.

For SRC, as for other public authorities, terms of service are determined by the Civil Service Department. In effect, the unions' role as pay negotiating partner is non-existent. Nevertheless, my discussions about pay determination with union officials in SRC revealed that unions still influence the package of total pay by other means such as:

a) their influence through SWTUF on pay review bodies;

b) asking for special allowances;

c) altering standard allowances, for example, the housing allowance is substantially higher in SRC than in other public authorities or the civil service;

d) regrading and better promotion prospects. In April 1986, the SRC management conceded to unions' demands for the upgrading of 83 posts. This resulted, for example, in the regrading of one post from grade 4 to 3, 10 from grade 6 to 5, and 23 posts from grade 10 to 8.

Finally, unions play an active role in providing services to railway workers. The SRC Social Services Department is jointly run by representatives of management and union, providing educational facilities, medical care, retail co-operatives and emergency loans.

Table A.1.1

SRC

Employees by Departments in 1983 and 1986

Department	Classified		Unclassified		Total	
	1983	1986	1983	1986	1983	1986
Mechanical Engineering	2194	2163	9203	9188	11397	11351
Civil and Electrical Eng	1000	1082	10071	10000	11071	11082
Traffic	2273	2120	4843	4549	7116	6669
Stores	340	323	659	701	999	1024
Personnel & Accounting	970	855	102	76	1072	931
Police and Firemen	62	53	2587	2287	2649	2340
G M Office	330	257	423	389	753	646
TOTAL	7169	6853	27888	27190	35057	34043

Source: Data provided by the Personnel Department in SRC in Atbra

Table A.1.2

SRC

Turnover among Employees during 1980-1985

Department	Classified	Unclass.	Total
Mechanical Engineering	498	1645	2143
Civil Engineering	243	1638	1881
Traffic	435	859	1294
Stores	11	203	214
Personnel & Accounting	177	21	198
Police & Firemen	8	146	154
TOTAL	1372	4512	5884

Source: Data provided by the Personnel Department SRC

Table A.1.3

SRC

Employees according to the Grade Structure 1986

Grade	Classified	Unclassified	Total
1	1	-	1
2	-	-	-
3	13	-	13
4	31	-	31
5	131	-	131
6	201	-	201
7	235	-	235
8	309	-	309
9	29	-	29
10	962	19	981
10A	1232	57	1289
11	1108	712	1820
12	875	2077	2952
13	1102	3092	4194
14	571		571
15	-	5674	5674
16	-	5361	5361
17	-	4247	4247
18	-	3664	3664
TOTAL	6800	24903	31703*

* Police and firemen are not included as they have separate grades and pay scales.

Source: Data collected from different departments in SRC

Table A.1.4

SRC

Pay Scales relative to Civil Service & Public Authority Scales
(£s annually)

Grade	SRC BS		CS BS		PA BS		Index SRC/CS		IndexSRC/PA	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
(1)	(2)		(3)		(4)		(5)		(6)	
1	8900	-	8400	-	8800	-	106.0	-	101.1	-
2	8100	-	7600	-	8000		106.6	-	101.3	-
3	6864	- 7464	6204	- 6804	6504	- 7104	110.6	- 109.7	105.5	- 104.5
4	6540	- 7140	5682	- 6282	5982	- 6582	115.1	- 113.7	109.3	- 108.5
5	5808	- 6288	4980	- 5460	5220	- 5700	116.6	- 115.2	111.2	- 110.3
6	5208	- 5688	4332	- 4932	4573	- 5172	120.2	- 115.3	113.9	- 110.0
7	3972	- 4692	3708	- 4428	3948	- 4668	107.1	- 106.0	100.6	- 100.5
8	3288	- 3936	2838	- 3594	3054	- 3810	115.6	- 109.5	107.6	- 103.3
9	2130	- 3922	1824	- 3616	1968	- 2760	116.8	- 111.7	108.2	- 105.9
10	2916	- 3420	2664	- 3252	2835	- 3420	109.5	- 105.2	102.7	- 100.0
10A	2753	- 3279	2418	- 2943	2568	- 3093	113.9	- 111.4	107.2	- 106.0
11	2310	- 2835	2052	- 2577	2202	- 2727	112.6	- 110.0	104.9	- 104.0
12	2031	- 2556	1740	- 2265	1890	- 2415	116.7	- 113.3	107.5	- 105.8
13	1404	- 1845	1338	- 1779	1464	- 1905	104.9	- 103.7	95.5	- 96.9
14	1278	- 1656	1200	- 1632	1308	- 1740	106.5	- 101.5	97.7	- 95.2
15	1008	- 1365	924	- 1281	1026	- 1383	109.0	- 106.6	98.2	- 98.7
16	858	- 1110	801	- 1053	873	- 1125	107.1	- 105.4	98.3	- 98.7
17	786	- 996	750	- 960	810	- 1020	104.8	- 103.8	97.0	- 97.6
18	756	- 936	720	- 900	780	- 960	105.0	- 104.0	96.9	- 97.5

Source: Personnel Department SRC

Table A.1.5

SRC

Standard Allowances by Grades (£s annually) 1986

Grade	HA	NW	TA	ENT	REP	Total
1	3300	1800	1920	890	2400	10310
2	2760	1800	1740	810	1800	8910
3	2340	1800	1620	686	1200	7646
4	1980	1680	1500	654	900	6714
5	1440	1560	1080		480	4560
6	1200	1440	960			3600
7	900	1320	840			3060
8	720	1080	720			2520
9	720	900	720			2340
10	720	600	600			1920
10A	720	420	480			1620
11	600	360	480			1440
12	600	300	420			1320
13	480	240	420			1320
14	360	240	420			1020
15	360	180	420			960
16	300	120	360			780
17	240	120	240			600
18	240	120	240			600

HA = Housing Allowance
NW = Nature of Work
TA = Travel Allowance
ENT = Entertainment (10% of the BS)
REP = Representation Allowance

Table A.1.6

SRC

No. of Employees and Annual Pay Scales by Grades, July 1986

Grade	No. of Staff	Basic Salary Min	Basic Salary Max	Allowances	Gross Salary Min	Gross Salary Max	Index GS/BS Min	Index GS/BS Max
(1)	(2)	(3)		(4)	(5)		(6)	
		£s		£s	£s			
1	1	8900	-	10310	19210	-	215.8	-
2	-	8100	-	8910	17010	-	210.0	-
3	13	6864	- 7464	7646	14510	- 15110	211.4	- 202.4
4	31	6540	- 7140	6714	13254	- 13854	202.7	- 194.0
5	131	5808	- 6288	4560	10368	- 10848	178.5	- 172.5
6	201	5208	- 5688	3600	8808	- 9288	169.1	- 178.3
7	235	3972	- 4692	3060	7032	- 7752	177.0	- 165.2
8	309	3288	- 3936	2520	5808	- 6456	176.6	- 164.0
9	29	2130	- 2922	2340	4470	- 5262	209.9	- 180.0
10	981	2916	- 3420	1920	4836	- 5340	165.8	- 156.1
10A	1289	2754	- 3279	1620	4374	- 4899	158.8	- 149.4
11	1820	2310	- 2835	1440	3750	- 4275	162.3	- 150.8
12	2952	2031	- 2556	1320	3351	- 3876	165.0	- 151.6
13	4194	1404	- 1845	1320	2724	- 3165	194.0	- 171.5
14	571	1278	- 1656	1020	2298	- 2676	179.8	- 161.6
15	5674	1008	- 1365	960	1965	- 2325	194.9	- 170.3
16	5361	858	- 1110	780	1638	- 1890	190.9	- 170.3
17	4247	786	- 996	600	1386	- 1596	176.3	- 160.2
18	3664	756	- 936	600	1356	- 1536	179.4	- 164.1

Source: Data provided by Personnel Department. Details of allowances in table 1.5.

Table A.1.7

SRC

Effect of Allowances on Monthly Basic Salaries
Examples from the Pay Sheets, July 1986

Example 1. Grade 4 (Engineer)

	£s	%BS
Basic Salary	583	100.0
Standard Allces	623	106.9
HA 165		28.3
NW 200		34.4
TA 125		21.4
ENT 58		10.0
REP 75		12.9
Non-standard Allces	370	63.5
Urban 75		12.9
Mileage 145		24.9
Qualif. 30		5.1
Profess.120		20.6
Gross Salary	1567	270.3

Example 2. Grade 4 (Administrator)

	£s	%BS
Basic Salary	595	100.0
Standard Allces	565	95.0
HA 165		27.7
NW 140		23.5
TA 125		21.0
ENT 60		10.0
REP 75		12.6
Non-standard Allces	220	37.0
Urban 75		12.6
Mileage 145		24.4
Gross Salary	1380	231.9

Example 3. Grade 9 (Engineer)

	£s	%BS
Basic Salary	195.5	100.0
Standard Allces	280	143.2
HA 60		30.8
NW 160		81.2
TA 60		30.8
Non-standard Allces		63.9
Urban 35		17.9
Profess. 65		33.2
Meal 25	125	12.8
Gross Salary	600.5	307.2

Example 4. Grade 10A (Train Crew)

	£s	%BS
Basic Salary	278	100.0
Standard Allces	135	48.7
HA 60		21.6
NW 35		12.9
TA 40		14.4
Non-standard Allces	180	64.8
Urban 30		10.8
Out of St 55		19.8
Trip 95		39.2
OT	120	43.2
Gross Salary	713	256.5

Example 5. Grade 14 (Clerical)

	£s	%BS
Basic Salary	120	100.0
Standard Allces	85	70.8
HA 30		
NW 20		
TA 35		
Non-standard Allces		
Urban	20	16.7
Gross Salary	225	187.5

Example 6. Grade 18 (Labourer)

	£s	%BS
Basic Salary	78	100.0
Standard Allces	50	64.1
HA 20		25.6
NW 10		12.8
TA 20		25.6
Non-standard Allces	35	44.9
Urban 15		19.2
Out of St 20		25.6
OT	129	165.4
Gross Salary	292	374.4

Source: Accounting Department SRC

Table A.1.8

SRC

Personnel Budget Estimate 1986/1987 (£s millions)

ITEM	Classified Staff	Unclassified Staff	Total
Basic Salary	18203	35318	53521
Personal Allowances	10924	12436	23360
Over-time	2130	5867	7997
Others*	1827	3712	5539
TOTAL	33084	57333	90417

Source: Accounting Department SRC

* such as pensions

C A S E S T U D Y (2)

NATIONAL ELECTRICITY CORPORATION

(NEC)

EMPLOYMENT

In 1986, the total number of employees in NEC was 12,315 of which 25.5 per cent were classified. Figures in Table A.2.1 show a substantial increase in the volume of employment by nearly a third between 1983/84 and 1986/87. The increase was more striking in the classified category, and amounted to nearly 67 per cent. Asked about an explanation for such a large increase, an official in NEC Personnel Department asserted that because of new work arrangements, a relatively large number of engineers and technicians were recruited. The number of engineers and other technical staff had doubled from 450 to 904 during the period.

LABOUR COST

Budget provisions for the financial year 1986/87 indicate that the cost of basic salaries was approximately £s21 million, (Table A.2.1). However, in view of the substantial increase in the basic salary rates which took place in 1985/86, it is unlikely that the average basic salary per employee had fallen as Table A.2.1 suggests; the actual cost of basic salaries must therefore have exceeded the estimated figures.

The comparison between the number of staff in each category (classi-

fied and unclassified) with the budget provisions, reveals that although the classified staff represent only 25 per cent of the total workforce, they absorb more than 45 per cent of the salary budget.

Table A.2.2 details the budget provisions for total labour costs in NEC. As is evident from these figures provisions for allowances alone exceed those for basic salaries by nearly 35 per cent. When overtime and pension costs are added, the budget provisions for gross salaries are more than twice those for basic salaries.

PAY SCALES

The NEC uses the 19 grades of the civil service and public authorities pay structure. Nevertheless, it does not follow the PA salary scales but has adapted the salary scales of public corporations by adding a premium to each scale except for grades 1 and 9 (the latter being equivalent to grade 12 in the PC grading classification system). Consequently, NEC's are higher than PC's scales. Table A.2.3 reveals the effects of the special premia which increase NEC salary scales by amounts ranging from just under one per cent to almost 37 per cent, widening further the gap between NEC and civil service scales. Although formal provisions allow for differentials of 2 to 17 per cent between public corporations and the civil service scales, for NEC these differentials are of the order of 6 - 49 per cent.

ALLOWANCES

As Table A.2.2 showed there is a multiplicity of allowances payable to NEC employees. Some of these are standard supplements payable to all grades and all members of a grade (housing, travel, nature of work), others received by all members of certain grades (representation).

On the other hand, a number of allowances are paid to certain occupational groups (on-call or special allowances for engineers, for example) or some individuals who are possessing special qualifications or fulfilling certain duties or conditions (mileage allowance for using private cars for official duties, meter reader's allowance, construction site allowance, post-graduate qualification allowance, efficiency allowances for typing, computer and shorthand skills, field-work allowance, etc).

The standard allowances (housing, nature of work, transport and representation) considerably increase gross salaries: that for the majority of the grades these allowances almost double the basic salary, and in the case of grade 9 staff they amount to 250 per cent of basic salary (table A.2.4).

From Table A.2.5 it can be seen that salaries are increased again by the non-standard allowances which represent 82.4 per cent, 50 per cent and 95.2 per cent of basic salary for individuals in grades 4, 8, and 9 respectively. The combination of standard and non-standard allowances has practically trebled the basic salary of these three NEC employees. For grade 14, the lowest classified grade in the structure, the amount of non-standard allowances is relatively small reflecting the concentration of allowance payments in the top grades; a concentration re-inforced by the exclusion of unclassified workers from receipt of non-standard allowances (Table A.2.5).

OVERTIME

Overtime is paid to some white collar employees and to all manual workers in NEC. But it seems that none of the classified staff quoted as examples in Table A.2.5 had done any overtime work during that particular month.

The examples of the four labourers' gross salary shown in the lower half of Table A.2.5 suggest that overtime may nearly double the basic salary for grade 15 employees and for the other three it is substantially greater than the basic salary. The budgeted provisions for overtime in 1986/87 amounted to the equivalent of 50 per cent of basic salary bill. The special circumstances related to NEC operations may partially justify such an excessive overtime work. Immediate maintenance and repair is usually required for frequent power cuts outside the normal working hours. Nevertheless, in the absence of a yardstick by which labour requirements could be determined, it is difficult to discover the extent to which such overtime work arises from a genuine need.

INDUSTRIAL RELATIONS

There are five trade unions in NEC which affiliate to their respective national unions. Four of these (Electricity Engineer Unions for university graduates, Electricity Engineers Union for non-university graduates, Union of Adminstrators for university graduates and Union of Electricity Officials) organise classified staff and the fifth (Electricity Workers' Union) covers unclassified workers.

It was understood that in disputes which involve all NEC staff joint action may be taken by all unions. But individual unions may be involved in separate disputes affecting their own members only.

During 1983/84 - 1985/86, for example, five disputes arose, three concerned with pay claims, one with dismissal procedures following the sacking of 25 engineers and one, in March-April 1985, with national political issues. There is no formal collective bargaining machinery in NEC. When a dispute arises, however, management will talk to union representatives and if problems are not solved they must be referred to the Ministry of Finance and Economic Planning whose agreements relating to pay disputes are, in any event, mandatory.

Table A.2.1

NEC

Number of Employees and Cost of Basic Salaries (in £s)
1983/84 - 1986/87

	1983 - 1984	1984 - 1985	1986 - 1987*
No. of classified staff	1,884	2,486	3,143
No. of unclassified staff	7,424	8,004	9,172
Total	9,310	10,490	12,315
BS classified	NA	NA	9,554,303
BS unclassified	NA	NA	11,582,374
Total	5,782,455	19,728,069	21,136,677
Av. BS per classified employee	NA	NA	3,039
Av. BS per unclassified employee	NA	NA	1,263
Av. BS per employee	1,695	1,881	1,716

Source: Personnel Department, NEC.

* Budget provisions.

Table A.2.2

NEC

Budget Provisions for Total Labour Cost 1986 - 1987

	£s	% BS
Basic Salary	21,136,677	100
Allowances		
Housing	5,265,060	24.9
Nature of Work	3,712,680	17.6
Transport	4,385,160	20.7
Representation	59,520	0.3
Mileage	139,560	0.7
Engineer's Special	1,612,800	7.6
On Call	749,258	3.5
Fuel (meter readers)	473,472	2.2
Qualification	21,960	0.1
Fieldwork	163,628	0.8
Construction	29,520	0.1
Food	650,000	3.1
Secretarial	24,800	0.1
Typing Proficiency	8,182	0.04
Computer Operator Proficiency	10,260	0.05
Shorthand Proficiency	550	-
Commercial	13,709	0.07
Cashier's Responsibility	3,000	-
Health (sanitation)	19,440	0.1
Hardship (rural areas)	78,840	0.4
Bicycle	500	-
Duty per diem/food	10,000	0.05
All Allowances	17,431,899	82.5
Shift Work	405,923	1.9
Overtime	10,657,662	50.4
Total Allowances + premia	28,495,484	134.8
Gross Salaries	49,632,161	234.8
Pensions	2,014,910	
Total Labour Cost	51,647,071	244.3

Source: Accounting & Finance Dept, NEC

Table A.2.3

NEC

Grades and Annual Salary Scales, July 1986

Gr.	NEC		CS		NEC %CS		Gr.	PC		NEC %PC	
	Min	Max	Min	Max	Min	Max		Min	Max	Min	Max
(1)	(2)		(3)		(4)		(5)	(6)		(7)	
1	8900		8400		105.9		1	8900		100.0	
2	8151		7600		107.3		2	8100		100.6	
3	7116	7716	6204	6804	114.7	113.4	3	6864	7464	103.7	103.4
4	6792	7392	5682	6282	119.5	117.7	4	6540	7140	103.9	103.5
5	6510	6990	4980	5460	130.7	128.0	7	5208	5688	125.0	123.0
6	6108	6588	4332	4937	141.0	133.4	8	4452	5172	137.2	127.4
7	4902	5592	3708	4428	132.2	126.3	9	3972	4692	123.4	119.2
8	4230	4878	2838	3594	149.0	135.7	11	3288	3936	128.8	123.9
9	2130	2922	1824	2616	116.8	111.7	12	2130	2922	100.0	100.0
10	3081	3585	2664	3252	115.7	110.2	13	2916	3420	105.7	104.8
10A	2754	3423	2418	2943	113.9	116.3	14	2754	3279	100.0	104.4
11	2310	2940	2052	2577	112.6	114.1	15	2310	2836	100.0	103.7
12	2046	2640	1740	2265	117.6	116.6	16B	2031	2556	100.7	103.3
13	1470	1995	1338	1779	109.9	112.1	17B	1404	1845	104.7	108.3
14	1347	1779	1200	1632	112.3	109.0	17B	1278	1656	105.4	107.4
15	1044	1476	924	1281	113.0	115.2	18(4)	1008	1365	103.6	108.1
16	915	1212	801	1053	114.2	115.1	18(3)	858	1110	106.6	109.2
17	828	1098	750	966	110.4	113.7	18(2)	786	996	105.3	110.2
18	795	1005	720	900	110.4	111.7	18(1)	750	936	105.2	107.4

Source: NEC, Personnel Department and details of equivalent CS & PC grades and scales provided by the Civil Service Department.

NEC: National Electricity Corporation
CS: Civil Service
PC: Public Corporations

Table A.2.4

NEC

Annual Basic Salary, Allowances and Gross Salary 1986

Grade	BS Min	BS Max	Standard Allowances	GS Min	GS Max	Index GS/BS Min	Index GS/BS Max
1	8900		6420	15320		172.1	
2	8151		5820	13971		171.4	
3	7116	7716	5820	12936	13536	181.8	175.4
4	6792	7392	5340	12132	12732	178.6	172.2
5	6510	6990	4800	11310	11790	173.7	168.7
6	6108	6588	4140	10248	10728	167.8	162.8
7	4902	5592	4020	8922	9612	182.0	171.9
8	4230	4876	3840	8070	8718	190.8	178.8
9	2130	2922	3180	5310	6102	249.3	208.8
10	3081	3585	1860	4941	5445	160.4	151.9
10A	2754	3423	1560	4314	4983	156.6	145.6
11	2310	2940	1380	3690	4320	159.7	146.9
12	2046	2640	1200	3246	3840	158.7	145.5
13	1470	1995	1080	2550	3075	173.5	154.1
14	1347	1779	960	2307	2739	171.3	154.0
15	1044	1476	900	1944	2376	186.2	161.0
16	915	1212	780	1695	1992	185.2	164.4
17	828	1098	780	1608	1878	194.2	171.0
18	795	1005	780	1575	1785	198.1	177.6

Source: Data provided by Personnel Department, NEC.

1) Standard Allowances:
   Housing
   Nature of Work
   Transport
   Representation

2) For Grade 1 to Grade 9, the Engineering Allowance has been included instead of the Nature of Work Allowance, as the majority of the staff in these Grades are engineers. The allowances amount to £s2400 per year in Grade 1-Grade 8, and £s1920 for Grade 9.

Table A.2.5

NEC

Examples of Individual Monthly Gross Salaries, July 1986

Classified:

ITEM	Grade 4		Grade 8		Grade 9		Grade 14	
	£s	%BS	£s	%BS	£s	%BS	£s	%BS
BS	591	100.0	370	100.0	208	100.0	125	100.0
HA	150	25.4	150	40.5	70	33.7	25	20.0
NW	200	33.8	200	54.0	75	36.1	20	16.0
TA	-	-	35	9.5	35	16.8	35	28.0
REP	75	12.7	-	-	-	-	-	-
Others	487	82.4	185	50.0	198	95.2	10	8.0
GS	1503	254.3	940	254.1	586	281.7	215	172.0

Labourers:

ITEM	Grade 15		Grade 16		Grade 17		Grade 18	
	£s	%BS	£s	%BS	£s	%BS	£s	%BS
BS	123	100.0	95.5	100.0	86.5	100.0	66.3	100.0
HA	25	20.3	20.0	20.9	20.0	23.1	20.0	30.2
NW	15	12.2	10.0	10.5	10.0	11.6	10.0	15.1
TA	35	28.5	35.0	36.6	35.0	40.5	35.0	52.8
OT	234	190.2	121.0	126.7	99.0	114.5	91.0	137.3
GS	432	351.2	281.5	294.8	250.5	289.6	222.3	335.3

Source: Data provided by Wage Department, NEC.

* Others include:

-Grade 4: mileage, qualification and on call allowances.
-Grade 8: construction allowance.
-Grade 9: on call allowance.
-Grade 14: secretarial allowance.

C A S E S T U D Y (3)

GENERAL PETROLEUM CORPORATION

(GPC)

INTRODUCTION

The GPC was established under the GPC Act, 1980 as an independent corporation with two main objectives:

a) exploring, producing, refining and distributing petroleum; and

b) importing crude oil, and exporting the surplus.

Section 14(1) of the Act gives the GPC management power to determine the terms and conditions of service of all employees.

EMPLOYMENT IN GPC

GPC currently employs 1,100 people including those engaged on the pipeline carrying refined oil from Port-Sudan to Khartoum. The pipeline is the largest department employing half of the workforce in GPC. However, information made available to the researcher does not include this department, so that the following analysis relates only to 572 persons located in the Khartoum head office and at branches in Port-Sudan, Kosti, El-Obeid, Geddaref and Atbra, to cover all GPC employees with the exception of pipeline workers.

Table A.3.1 shows that 66.8 per cent of GPC employees are classi-

fied. This may appear to suggest that the classified component of the Corporation's employment structure is unusually high but the inclusion of pipeline workers would probably have changed the picture as the department is expected to exhibit a greater concentration of manual jobs.

The sex division of the workforce in Table A.3.2 reveals that 12 per cent are female, all doing classified work. This may suggest that the employed women in the public sector are largely educated. More than 48 per cent of GPC female employees are clerical staff, a share which reflects national occupational proportions for females. However, the 38 per cent of university graduates among GPC female employees is obviously a large share relative to the national trend but this could be attributed to the high concentration of graduates in GPC workforce. Among all classified staff, university graduates (the majority in grade 12 and above in Table A.3.1) represent nearly 70 per cent.

THE GRADING SYSTEM

The GPC uses the same grading classification system as other public corporations, with 23 grades (1-15, 16A and 16B, 17A and 17B, and 18(4)-18(1)). Grade 12 is the entry level for university graduates, grade 17A for secondary school leavers and grade 18(1) for unskilled workers. Secondary school leavers are recruited directly by GPC, while university graduates have to be recruited through the Civil Service Recruitment Committee.

Employees recruited in grade 12 may expect promotion after two years and those who are recruited in grade 17A after three years. Discussions with GPC Personnel Department staff revealed that the issue of promotions is always problematic. One reason for that stems from the fact there are no sufficient vacancies in upper grades to which staff

who satisfy the length of service condition could be promoted. It was understood that the turnover rate is relatively low because GPC is amongst the few well paying parastatals in the Sudan, and as its work-force is fairly young the number of retiring personnel is quite small, if not non-existent. Currently (1986) more than 35 per cent of employees in grade 11, 55 per cent in grade 16B are eligible for promotion having spent an average 4-5 years in these grades. To deal with this promotion blockage the GPC has resorted to a policy of paying the staff the salary and allowances of the higher grade, a practice with serious implications both on performance standards and salary policy. Moreover, there is considerable evidence of mal-practices and nepotism with employees com-plaining that their relationship with the top management is the most crucial factor in the promotion stakes. They argue that there is urgent need for proper job description and analysis to show basic job require-ments and promotion paths. Employees also should know about vacancies, selection methods and what preparation is necessary to fit them for higher-rated jobs.

THE PAY IN GPC

Before the 1985/86 salary adjustments in the public sector, the GPC used to have unilaterally determined pay scales subject only to approval by the Minister for Energy. These salary scales, as Table A.3.3, column 6, shows were relatively higher than those in public corporations under the direct control of the Ministry of Finance and Economic Planning. The average differential in most grades in favour of GPC staff was approx-imately 10 per cent, though with considerable dispersion: at the bottom end of grade 13, for example, the GPC employee was receiving a 56.6 per cent uplift in terms of basic salary alone.

In 1985 an attempt was made to bring the GPC under the direct control of the Ministry of Finance. The particular section in the GPC 1980 Act was repealed and a provision was made for the extension of the PC general schedule to GPC employees. GPC staff immediately claimed that this change affected them adversely. It appears that the claim was basically based on the fact that in 1985/86 adjustments the pay increase for GPC employees was relatively less than in other public corporations. In order to align GPC pay scales with that of other corporations, this was a necessary measure. Thus, while grade 1 basic salary had been increased by 50 per cent in the public corporations between 1983 and 1986, the corresponding increase for GPC employees was 22 per cent. But, as Table A.3.3 shows, all grades got pay increases and no individual's basic salary was reduced by the adjustments. The unacceptability of this loss of the privileged position among public sector employees prompted a two-week strike in September 1985 and led the government to re-adjust scales by paying a premium on every step of each grade's scale, together with the insertion of an additional step plus premium to grades 12, 13, 17A and 18(4), and two extra steps and premium to grade 18(2). These premia raised basic salary scales by amounts ranging from 3 per cent to 30 per cent as may be seen from Table A.3.3, column 9.

ALLOWANCES, OVERTIME AND BENEFITS

Earnings in the GPC as in other PCs substantially increased by the payment of a number of allowances. Table A.3.4 shows the annual amounts of the standard allowances: housing, travel, mileage, family, representation and petroleum allowances. Moreover, a number of non-standard allowances are payable to GPC employees. Engineers receive a special allowance ranging from £s150 to 200 a month; they are further entitled

to a technical allowance received also by geologists and technicians and ranges from £s30 to 75 a month. Other allowances include tanker, shift work, acting, qualification, typing, telex operating, secretarial, public relations, health and Juba allowances which are paid to certain groups or individuals working in certain conditions or fulfulling special requirments. These allowances range from £s7 to £s40 per month.

The petroleum allowance is paid in lieu of the nature of work allowance and originally amounted to 25 per cent of basic salary. It was later re-adjusted to be calculated on the basis of gross salary; a measure which has effectively doubled the amount of the payable allowance and increased the gross salary by at least 10 per cent.

As Table A.3.4, column 9 shows the addition of standard allowances alone inceases the basic salary by amounts ranging from 86 per cent to 207 per cent. However, it must be noted that not every individual receives all the allowances included in the standard allowance package in Table A.3.4. For example, the GPC has a relatively young workforce and not all may qualify for family allowance. On the other hand, some non-standard allowances which may be received by relatively large numbers of GPC employees are not included. The engineering allowance in an organisation where the number of engineers is considerable, is one example. Table A.3.5 shows the total value of allowances and broadly indicates that non-standard allowances further enhance the gross salary of GPC employees. For example, an engineer in grade 4 has his basic salary increased by almost a third because of the engineering allowance alone and by 50 percentage points as a result of the payment of other non-standard (qualification and technical) allowances.

Overtime in GPC is paid to grades 16B and 17B - 18(1), and other grades receive a daily food allowance (£s2) for two hours' overtime work. The lower half of Table A.3.5 shows the importance of overtime payments

to manual workers. Grades 18(2) and 18(1), for example, received in overtime more than their basic salary for the month; others received more than 80 per cent. The five examples' gross pay, thus, was raised to levels of three to four times basic salary.

Apart from its generous treatment of employees in terms of pay and allowances, the GPC provides its staff with other valuable benefits, eg, free medical provision and low cost loans, etc. Family medical care may cost an employee, particularly at the lower end of the pay structure, almost half of his monthly earnings, while the availability of housing loans in a country where there are no mortgage facilities, is of considerable benefit.

INDUSTRIAL RELATIONS

Three trade unions (GPC Engineers' Union, GPC Officials' Union, and GPC Workers' Union) organise GPC staff. There are no formal provisions for collective bargaining. Nevertheless, it was understood that unions' pressure in the recent past had been effective in bringing about notable improvements in pay and allowances. The special premium paid currently was indicated to be an outcome of a one-week strike in October 1985. GPC's unions' strength stems largely from the political power they can exert by disrupting the distribution of oil.

Table A.3.1

GPC

Number of Employees by Grade and Sex Division, 1986

Grade	Classified			Unclassified			Total		
	M	F	T	M	F	T	M	F	T
1	3	-	3	-	-	-	3	-	3
2	1	-	1	-	-	-	1	-	1
3	7	-	7	-	-	-	7	-	7
4	-	-	-	-	-	-	-	-	-
5	14	-	14	-	-	-	14	-	14
6	13	-	13	-	-	-	13	-	13
7	24	-	24	-	-	-	24	-	24
8	27	2	29	-	-	-	27	2	29
9	40	2	42	-	-	-	40	2	42
10	-	-	-	-	-	-	-	-	-
11	71	26	97	-	-	-	71	26	97
12	33	-	33	-	-	-	33	-	33
13	-	-	-	1	-	1	1	-	1
14	19	9	28	3	-	3	22	9	31
15	9	2	11	9	-	9	18	2	20
16B	22	16	38	12	-	12	34	16	50
16A	-	-	-	21	-	21	21	-	21
17B	-	-	-	-	-	-	-	-	-
17A	20	22	42	-	-	-	20	22	42
18(4)	-	-	-	25	-	25	25	-	25
18(3)	-	-	-	59	-	59	59	-	59
18(2)	-	-	-	25	-	25	25	-	25
18(1)	-	-	-	35	-	35	35	-	35
Total	303	79	382	190	0	190	493	79	572

Source: Personnel Department, GPC.

GPC: General Petroleum Corporation
M: Male
F: Female
T: Total

Table A.3.2

GPC

Employees by Occupational and Sex Divisions, 1986

Occupation	Male	Female	Total
Classified:			
Engineers	69	7	76
Technician	27	-	27
Geologists	22	-	22
Scientists	21	4	25
Economists	27	9	36
Accountants	30	7	37
Administrators	24	4	28
Statistician	12	6	18
Lawyers	2	1	3
Clerical workers	69	41	110
Unclassified:			
Drivers	49	-	49
Skilled workers	14	-	14
Messengers	65	-	65
Guards	28	-	28
Firemen	10	-	10
Unskilled workers	24	-	24
TOTAL	493	79	572

Source: Personnel Department, GPC.

Table A.3.3

GPC

Annual Basic Salary Scales 1983, 1986

Grade	PC BS 1983 Min Max (1)	GPC BS 1873 Min Max (2)	PC BS 1986 Min Max (3)	GPC Prem 1986 Min Max (4)	GPC BS 1986 Min Max (5)	Index (2)/(1) Min Max (6)	Index (3)/(2) Min Max (7)	Index (5)/(2) Min Max (8)	Index (5)/(3) Min Max (9)
1	5880-6440	7315	8900	1194	10094	124.4	121.7	138.0	113.4
2	5310-5750	5720	8100	348	8448	107.7	141.6	147.0	104.3
3	5060-5460	5583	6864-7464	707-305	7571-7769	110.3	122.9-133.7	135.6-139.2	110.3-104.1
4	4815-5215	5181	6540-7140	532-232	7072-7222	107.6	126.3-137.8	136.5-139.4	108.1-103.3
5	4570-4970	5044	6168-6648	606-207	6774-6855	110.4	122.3-131.8	134.3-135.9	109.8-103.1
6	4320-4720	4708	5808-6288	493-193	6301-6361	109.0	123.4-133.6	133.8-135.1	108.5-103.1
7	3760-4160	4571	5208-5688	796-595	6004-6283	121.6	113.9-124.4	131.3-137.5	115.3-110.5
8	3230-3730	3967-4167	4452-5172	782-383	5234-5555	122.8-111.7	112.2-124.1	131.9-133.3	117.6-107.4
9	3055-3655	3388-3808	3972-4692	832-712	4804-5404	110.9-104.2	117.2-123.2	141.8-141.9	120.9-115.2
10	2700-3240	2978-3398	3624-4344	569-449	4193-4793	110.3-104.9	121.7-127.8	140.8-141.1	115.7-110.3
11	2460-3000	2748-3168	3288-3936	511-391	3799-4327	111.7-105.6	119.7-124.2	138.2-136.6	115.5-109.9
12	2320-2860	2026-2746	2130-2922	647-761	2777-3683	87.3- 96.0	105.1-106.4	137.1-132.5	130.4-126.0
13	1400-2005	2192-2647	2916-3420	224-287	3140-3707	156.6-132.0	133.0-129.2	143.3-140.0	107.7-108.4
14	2080-2470	2052-2471	2754-3279	222-255	2976-3534	98.7-100.0	134.2-132.7	145.0-143.0	108.1-107.8
15	1880-2265	1700-2030	2310-2835	279-243	2589-3078	90.4- 89.6	135.9-139.7	152.3-151.6	112.1-108.6
16B	1320-1684	1472-1802	2031-2556	290-257	2321-2813	111.5-107.0	138.0-141.8	157.7-156.1	114.1-110.1
16A	1175-1562	1282-1590	1806-2481	212-132	1018-2613	109.1-101.8	140.9-156.0	157.4-164.3	111.7-105.3
17B	975-1276	1125-1433	1404-1845	244-253	1648-2098	115.4-112.3	124.8-128.8	146.5-146.4	117.4-113.8
17A	780-1046	952-1256	1278-1656	217-253	1495-1909	122.0-120.1	134.2-131.8	157.0-152.0	117.0-115.3
18(4)	745- 990	780-1060	1008-1365	142-178	1150-1543	104.5-107.1	129.2-128.8	147.4-145.6	114.5-113.0
18(3)	610- 820	696- 876	858-1110	166-136	1024-1246	114.1-106.8	123.3-126.7	147.1-142.2	119.3-112.3
18(2)	549- 708	612- 828	786- 996	132-180	918-1176	111.5-116.9	128.4-120.8	150.0-142.0	116.8-118.1
18(1)	450- 626	552- 684	756- 936	68-113	824-1040	122.7-109.3	137.0-136.8	149.3-153.4	109.0-112.1

Source: Data provided by the Personnel Department, GPC.

PC: Public Corporations
GPC: General Petroleum Corporation
BS: Basic Salary
Min: Minimum
Max: Maximum
Prem: Premium

Table A.3.4

GPC

Standard Allowances and Gross Salary (£s per annum) 1986

Grade	Basic Salary Min	Basic Salary Max	Housing Allce	Travel Allce	Mile Allce	Family Allce	Rep. Allce	Petroleum Allce* Min	Petroleum Allce* Max	Gross Salary Min	Gross Salary Max	Index GS/BS Min	Index GS/BS Max
	(1)		(2)	(3)	(4)	(5)	(6)	(7)		(8)		(9)	
1	10094		4800	420	3480	720	1800	5329		26643		263.9	
2	8448		4200	420	3000	720	1200	4497		22485		266.2	
3	7571	7769	3600	420	3000	720	960	4068	4117	20339	20586	268.6	265.0
4	7072	7222	2400	420	3000	720	960	3634	3681	18206	18403	257.4	254.8
5	6774	6855	2400	420	3000	720	720	3509	3529	17543	17644	259.0	257.4
6	6301	6361	1800	420	2400	720	720	3090	3105	15451	15526	245.2	244.1
7	6004	6283	1800	420	2400	720		2836	2906	14180	14529	236.2	231.2
8	5234	5555	1440	420	2400	720		2554	2634	12768	13169	243.9	237.1
9	4804	5404	1440	420	2400	720		2446	2596	12230	12953	254.8	240.0
10	4193	4793	1200	420	2400	720		2233	2383	11166	11766	266.3	245.5
11	3799	4327	1200	420	2400	720		2135	2267	10674	11334	281.0	261.9
12	2777	3683	840	420	1980	720		1684	1911	8421	9554	303.2	259.4
13	3140	3707	840	420		540		1235	1377	6175	6884	196.7	185.7
14	2976	3534	840	420		540		1194	1334	5970	6668	200.6	188.7
15	2589	3078	840	420		540		1097	1245	5486	6123	212.0	198.9
16B	2321	2813	480	420		540		940	1063	4701	5316	202.5	189.0
16A	2018	2613	480	420		540		865	1013	4323	5066	214.2	193.9
17B	1648	2098	480	420		540		772	885	3860	4423	234.2	210.8
17A	1495	1909	360	420		540		704	807	3519	4036	235.4	211.4
18(4)	1150	1543	360	420		540		618	716	3088	3579	268.5	232.1
18(3)	1024	1246	360	420		540		586	642	2930	3208	286.1	257.0
18(2)	918	1176	240	420		540		530	594	2648	2970	288.5	252.6
18(1)	824	1049	240	420		540		506	562	2530	2811	307.0	268.0

Source: Data provided by the Personnel Department, GPC.

* Petroleum Allowance = 25% of the gross salary excluding excluding Petroleum Allowance.
Family Allowance = £s40 per month for every married person in Grade 1-12, and £s30 for Grades 12-18(1). GPC pays also £s10 for every child with a maximum of three children.

Table A.3.5

GPC

Examples of Individual Gross Salaries, July 1986

ITEM	Grade 4 (Engineer)		Grade 8 (Admin)		Grade 12 (Engineer)		Grade 12 (Economist)		Grade 16B (Technician)	
	£s	%BS	£s	%BS	£s	%BS	£s	%BS	£s	%BS
BS	602	100.0	442	100.0	260	100.0	289	100.0	213	100.0
HA	200	33.3	120	27.1	70	26.9	70	24.2	40	18.8
TA	-	-	35	7.9	-	-	35	12.1	35	16.4
FAM	60	10.0	60	13.6	-	-	50	17.3	30	14.1
MILE	250	41.5	200	45.2	-	-	-	-	-	-
REP	80	13.2	-	-	-	-	-	-	-	-
ENG	200	33.3	-	-	165	63.5	-	-	-	-
TECH	75	12.5	-	-	30	11.5	-	-	15	7.0
QUALIF	30	5.0	30	6.9	-	-	-	-	-	-
PET	374	62.2	222	50.2	131	50.5	111	38.4	83	39.1
GS	1871	310.8	1109	250.9	656	252.3	555	192.0	416	195.3

	Grade 18(4)		Grade 18(4)		Grade 18(3)		Grade 18(2)		Grade 18(1)	
	£s	%BS	£s	%BS	£s	%BS	£s	%BS	£s	%BS
BS	128	100.0	96	100.0	85	100.0	82	100.0	66	100.0
HA	30	23.4	30	31.3	30	35.3	20	24.4	20	30.3
TA	35	27.3	35	36.5	35	41.2	35	42.7	35	53.0
FAM	45	35.2	45	46.9	45	52.4	35	42.7	45	68.2
PET	60	46.8	52	54.2	49	57.6	43	52.4	42	63.6
GS	298	232.8	258	268.8	244	287.0	215	262.2	208	315.2
OT	106	82.8	86	89.6	75	88.0	97	118.3	68	103.0
GP	404	315.6	344	358.3	319	375.3	312	380.5	276	418.2

Source: Personnel Department, GPC

BS: Basic Salary
HA: Housing Allowance
TA: Travel Allowance
FAM: Family Allowance
MILE: Mileage Allowance
REP: Representation Allowance
ENG: Engineering Allowance
TECH: Technical Allowance
QUALIF: Qualification Allowance
PET: Petroleum Allowance
GS: Gross Salary
GP: Gross Pay
OT: Overtime

C A S E S T U D Y (4)

SUDAN AIRWAYS CORPORATION

(SAC)

GRADING AND PAY SCALES

Sudan Airways Corporation's salary structure comprises 18 salary grades with up to 12 incremental points. As shown in Table A.4.1, SAC staff grades are similar to those in the civil service (with the exception of grade 10A) but salary scales are obviously higher. Table A.4.2 shows that, except for grades 1 - 4, 12 and grade 11 at the scale minima, SAC has increased its basic salary scales by percentages varying between 1 and 25. Differentials over civil service scales amount to 6 - 28 per cent.

ALLOWANCES

Comparison of columns 13 and 14 with columns 6 and 7 in Table A.4.3 shows that the allowances' element in staff earnings has increased considerably since 1980, following increases in the rates of existing allowances, introduction of new allowances (housing and nature of work) and the extension of allowances to cover extra grades. Thus, in 1986 standard allowances served to double or nearly triple basic salaries compared with an average enhancement of just under 50 per cent in 1980. The gross salary trends in comparison with basic salary trends provides a further insight to the considerable improvement in allwoances during the period.

Columns 1 and 2 in Table A.4.4 reveal that basic salary had increased by 48 - 108 per cent while the corresponding change in gross salary (columns 3 and 4) amounted to 107 - 370 per cent.

REAL PAY

In July 1986, real basic salary was about one-third of the 1980 levels (columns 5 and 6, Table A.4.4). Real gross salaries ranged from 45 to 99 per cent of the 1980 levels (columns 7 and 8). This is a clear manifestation of the fact that allowances have helped SAC staff considerably to compensate for the notable fall in real pay levels. An individual employee would also have received increments and possibly promotion. Table A.4.4, columns 9 and 8 illustrates the effects of increments on real basic salary as well as gross salary. Figures suggest that movement along the incremental steps would have raised real basic salary scales by 3 - 10 percentage points, and real gross salary by 2 - 20 percentage points. Promotions certainly would have moderated the reduction in real pay further.

AIR CREW AND GROUND ENGINEERS' PAY SCALES

Aircrew (pilots, first officers, flight engineers) and ground engineers have separate grades and salary scales as shown in Table A.4.5. Each occupational group has its own grades and pay scales: six for captains and first officers, three for flight engineers. Annual basic salaries for these groups ranged from £s1,885 to £s8,150 in 1980 and between £s2,992 and £s11,316 in 1986. In addition to the standard allowances (housing, travel, nature of work, mileage, representation allowances, etc) the aircrew receive airport worthiness, maintenance and flying allowances. Comparison of gross salary/basic salary ratios in 1980 and 1986

reveals that the quantum of allowances was considerably increased during the period particularly for the aircrew who were receiving in 1986 gross salaries which exceeded their basic salaries by 4 to almost 9 times.

Table A.4.6 shows the movements in the basic as well as gross salary of aircrew and ground engineers. The 200-300 per cent increase in nominal gross salaries was just enough to maintain about 50 per cent of real gross salary in 1986 relative to 1980 levels.

EXAMPLES FROM PAYSHEET RECORDS

Table A.4.7 shows the gross salary/basic salary ratio for 50 SAC staff with overtime excluded from gross salary. Data were not available by grade but have been grouped by range of basic salary. Comparison with the gross/basic salary ratios in Table A.4.3 suggests that individuals were receiving other allowances in addition to those included in the standard allowances. Table A.4.8 provides examples of individuals' monthly gross salaries as recorded on pay sheets and show gross/basic salary ratios higher than those in Table A.4.3 due to the payment of 'other' allowances. These non-standard allowance probably included qualification, airport worthiness, typing and a range of other personal allowances.

With regard to overtime, the amounts shown for grade 18 workers in Table A.4.8 relate to overtime hours worked in June, but expressed in terms of the July 1986 wage levels. Unclassified workers employed at the airport receive guaranteed monthly overtime payment of 36 hours a month. This is equivalent to an increase of 30 per cent at the scale minimum. As the figures show overtime payment can increase basic salary by as much as 100 per cent. Classified staff in grades 10-13 receive

overtime payment but no details of overtime hours were available for the examples provided in Table A.4.8.

REGRADING

As Table A.4.9 indicates the numbers employed in SAC in grades 1-18 has fallen over the six years since 1980 from 3,101 to 2,307 and the number of ground engineers from 150 to 138. This reduction has involved a relative upgrading of the workforce. In 1980, for example, grades 15-18 accounted for 37 per cent of the number employed compared with 28 per cent in 1986 while the proportion in grades 1-8 almost doubled. The effect of upgrading is seen in Table A.4.10. Average basic salary in 1986 was £s2,882. If the 2,307 employees had been distributed according to the 1980 structure of employment, average basic salary would have been £s2,324. Average basic salary was, therefore, 24 per cent higher. With the number of employees falling by a quarter, the restructuring meant that total basic salaries fell by approximately 8 per cent. As figures reveal, total basic salary bill of 2,307 actually employed in 1980 at 1986 basic salary scales was £s6,647,585 and of the 3,103 employed in 1980 at 1986 basic salary scales was £s7,210,501. Total estimated gross salary bill in 1986 was £s13,200,483 for 2,307 posts and the estimated 1986 gross salary bill for 3,103 posts distributed in the 1980 grades was £s14,797,619. The reduction of posts by about 26 per cent, thus, led to a reduction in the estimated total gross salary bill of only 11 per cent.

What has been said above indicates that savings from the reduction in the workforce were inevitably diverted to funding the higher average pay levels consequent on the restructuring. However, it is not clear whether this restructuring was necessary because of changes in work requirements or it resulted from unions' insistence on upward grading as a

condition of any reducation in number of staff. Whatever the reason SAC's case provides an example of how regrading has become a means of increasing effective pay.

Table A.4.1

SUDAN AIRWAYS

Basic Salary Scales and Increments for Officials and Workers (£s per annum), July 1986

GRADE	Segment Min	Segment Max	Increment 1	2	3	4	5	6	7	8	9	10	11	12	Annual Increase
1	8900-		8900												-
2	8100-		8100												-
3	6864	7464	6864	7014	7164	7314	7464								150
4	6540	7140	6540	6690	6840	6990	7140								150
5	6168	6648	6168	6288	6408	6528	6648								120
6	5574	6054	5574	5694	5814	5934	6054								120
7	4902	5583	4902	5034	5163	5292	5424	5553	5583						113
8	3288	4206	3288	3396	3504	3612	3720	3828	3936	4026	4116	4206			82
9	2130	2922	2130	2202	2274	2346	2418	2490	2561	2634	2706	2778	2852	2922	72
10	2952	3765	2952	3045	3141	3236	3327	3426	3525	3606	3687	3765			78-93
11	2646	3435	2646	2739	2832	2925	3018	3111	3204	3297	3366	3435			88
12	2181	2811	2181	2256	2331	2406	2481	2556	2631	2706	2760	2811			70
13	1560	2169	1560	1632	1704	1776	1848	1920	1992	2064	2115	2169			68
14	1509	1980	1509	1566	1620	1677	1734	1788	1845	1902	1941	1980			52
15	1104	1575	1104	1161	1218	1272	1332	1383	1440	1497	1536	1575			52
16	894	1251	894	936	975	1017	1059	1098	1140	1182	1215	1251			39-42
17	828	1095	828	858	888	921	951	981	1014	1044	1068	1095			30-33
18	792	1011	792	822	852	882	906	930	954	987	1011				24-30

Source: Personnel Department, Sudan Airways.

Table A.4.2

SUDAN AIRWAYS

Basic Salary relative to CS and PC Basic Salaries, 1986

Public Corporations		Civil Service		Sudan Air		Index BS SA/PC		Index BS SA/CS	
Grde	BS Min	Grde	BS Min	Grde	BS Min	Min	Max	Min	Max
	Max		Max		Max				
1	8900	1	8400	1	8900	100.0		106.0	
2	8100	2	7600	2	8100	100.0		106.6	
3	6864-7464	3	6204-6804	3	6864-7464	100.0-100.0		110.6-109.7	
4	6540-7140	4	5682-6282	4	6540-7140	100.0-100.0		115.1-113.7	
5	6168-6648	-		-					
6	5808-6288	-		-					
7	5208-5688	5	4980-5460	5	6168-6648	118.4-116.9		123.9-121.8	
8	4452-5172	6	4332-4932	6	5574-6054	125.2-117.1		128.7-122.7	
9	3972-4692	7	3708-4428	7	4902-5583	123.4-119.0		132.2-126.1	
10	3624-4344	-		-					
11	3288-3936	8	2838-3594	8	3288-4206	100.0-106.9		115.9-117.0	
12	2130-2922	9	1824-2616	9	2130-2922	100.0-100.0		116.8-111.7	
13	2916-3420	10	2664-3252	10	2952-3765	101.2-110.0		110.8-115.8	
14	2754-3279	10A	2418-2943	-					
15	2310-2835	11	2052-2577	11	2624-3435	113.6-121.6		127.9-133.3	
16B	2031-2556	12	1740-2265	12	2181-2811	107.4-110.0		125.3-124.1	
16A	1806-2481	-		-					
17B	1404-1845	13	1338-1779	13	1560-2169	111.0-117.6		116.6-121.9	
17A	1287-1656	14	1200-1632	14	1509-1980	117.2-119.6		125.8-121.3	
18(4)	1008-1365	15	924-1281	15	1104-1575	109.5-115.4		119.5-123.0	
18(3)	858-1110	16	801-1053	16	894-1251	104.2-112.7		111.6-118.8	
18(2)	786- 996	17	750- 960	17	828-1095	105.3-109.9		110.4-114.1	
18(1)	756- 936	18	720- 900	18	792-1011	104.8-108.0		110.0-112.3	

Source: Personnel Department, Sudan Airways. CS and PC pay scales from CSD.

Table A.4.3

SUDAN AIRWAYS

Annual Basic Salary, Gross Salary and Allowances, and the ratio of GS/BS in 1980 and 1986

GRADE	July 1980							July 1986						
	BS			GS		GS/BS		BS			GS		GS/BS	
	Min (1)	Max (2)	Allce (3)	Min (4)	Max (5)	Min (6)	Max (7)	Min (8)	Max (9)	Allce (10)	Min (11)	Max (12)	Min (13)	Max (14)
1	5350	5850	1980	7330	7830	137.0	133.8	8900		11580	20480		230.1	
2	4830	5230	1560	6390	6790	132.3	129.8	8100		10020	18120		223.7	
3	4600	4960	1560	6160	6520	133.9	131.5	6864	7464	8820	15684	16284	228.5	218.2
4	4380	4740	1560	5940	6300	135.6	132.9	6540	7140	7920	14460	15060	221.1	210.9
5	4155	4515	960	5115	5475	123.1	121.3	6168	6648	6360	12528	13008	203.1	195.7
6	3750	4110	960	4710	5070	125.6	123.4	5574	6054	4980	10554	11034	189.3	182.3
7	3240	3690	900	4140	4590	127.8	124.3	4902	5583	4500	9402	10083	191.8	180.6
8	2075	2795	900	2975	3695	143.4	132.2	3288	4206	4200	7488	8406	227.7	199.9
9	1250	1800	900	2150	2700	172.0	150.0	2130	2922	3900	6030	6822	283.1	233.5
10	1865	2495	720	2585	3215	138.6	128.9	2952	3765	2880	5832	6645	197.6	176.5
11	1635	2175	720	2355	2895	144.0	133.1	2646	3435	2280	4926	5715	186.2	166.4
12	1280	1685	720	2000	2405	156.0	142.7	2181	2811	2280	4461	5091	204.5	181.1
13	975	1380	120	1095	1500	112.3	108.7	1560	2169	1980	3540	4149	226.9	191.3
14	875	1190	720	1595	1910	182.3	160.5	1509.1980		1980	3489	3960	231.2	200.0
15	730	1045	120	850	1165	116.4	111.5	1104	1575	1680	2784	3255	252.2	206.7
16	560	830	120	680	950	121.4	114.5	894	1251	1680	2574	1931	287.9	234.3
17	470	650	120	590	770	125.5	118.5	828	1095	1560	2388	2655	288.4	242.5
18	380	550	120	500	670	131.6	121.8	792	1011	1560	2352	2571	297.0	254.3

Source: Personnel Dept, Sudan Airways.

Allowances 1980: Travel Allowance £s10 monthly for all grades, Mileage Allowance grades 1-12 +14, Management Allowance Grades 1-4.

1986: Travel Allowance, Differential (Nature of Work) Allowance, Housing Allowance for all grades, Mileage Allowance Grades 1-9, Management Allowance Grades 1-5.

Table A.4.4

SUDAN AIRWAYS

Percentage changes in Nominal and Real Basic and Gross Salaries, 1980-1986

GRADE	Per Cent Change				Real BS 7/1986		Real GS 7/1986		Real BS with	Real GS with
	BS		GS		7/1980=100		7/1980=100		Increment	Increment
	Min (1)	Max (2)	Min (3)	Max (4)	Min (5)	Max (6)	Min (7)	Max (8)	7/80=100 (9)	7/80=100 (10)
1	166.4	152.1	279.4	261.6	35	32	59	55		
2	167.7	154.9	283.6	266.9	35	33	60	56		
3	149.2	150.5	254.6	249.8	31	32	53	52	34	55
4	149.3	150.6	243.4	239.0	31	29	51	50	34	53
5	148.4	147.2	244.9	237.6	31	31	51	50	34	53
6	148.6	147.3	224.1	217.6	31	28	47	46	34	49
7	151.3	151.3	227.1	219.7	32	32	48	46	36	51
8	158.5	150.5	251.1	227.5	33	32	53	48	40	57
9	170.4	162.3	280.5	252.7	36	34	59	53	43	63
10	158.3	150.9	225.6	206.7	33	32	47	43	40	52
11	161.8	157.9	209.2	197.4	34	33	44	41	41	49
12	170.4	166.8	223.1	211.7	36	35	47	44	43	52
13	160.0	157.2	323.3	276.6	34	33	68	58	43	76
14	172.5	166.4	218.7	207.3	36	35	46	44	44	50
15	151.2	150.7	327.5	279.4	32	32	69	59	41	77
16	159.6	150.7	378.5	308.5	33	32	79	65	43	87
17	176.2	168.5	404.7	344.8	37	35	72	72	45	92
18	208.4	183.8	470.4	383.7	44	39	99	81	54	107

Source: Compiled from Table A.4.3.

CPI 1986 = 476.6. CPI for high salaried in April 1986 has been used.

Table A.4.5

SUDAN AIRWAYS

Annual Basic Salary, Allowances and Gross Salary of Air Crew and Engineers, July 1980 and July 1986

GRADE	July 1980						July 1986					
	BS		GS		GS/BS		BS		GS		GS/BS	
	Min (1)	Max (2)	Allce (3)	Min (4)	Max (5)	Min (6)	Max (7)	Min (8)	Max (9)	Allce (10)	Min (11)	Max (12)	Min (13)	Max (14)
B707 Cap.	7150	8150	14400	21550	22550	301.4	276.7	9996	11316	38100	48096	49416	481.2	436.7
B737 Cap.	6150	6950	13500	19650	20450	319.5	294.2	8571	9651	36180	44751	45831	522.1	474.9
F27 Cap.	5650	6350	12000	17650	18350	312.4	289.0	7893	8829	33720	41613	42549	527.2	481.9
B707 FO	4500	5825	9360	13860	15185	308.0	260.7	6375	8127	30000	36375	38127	570.5	469.1
B737 FO	3900	5250	9060	12960	14310	332.3	272.6	5583	7365	28680	34263	36045	613.7	489.4
F27 FO	2300	3425	8820	11120	12245	483.5	357.5	3552	5064	27540	31092	32604	875.3	643.8
FE I	4800	5850	9540	14340	15390	298.3	263.1	6771	8157	32700	39471	40857	582.9	500.9
FE II	3575	4475	8940	12516	13415	350.1	299.8	5163	6351	32580	37743	38931	731.0	613.0
FE III	2700	3450	8940	11640	12390	431.1	359.1	4086	5094	31360	35446	36454	865.1	713.7
GE I	6150	6950	3600	9750	10550	158.5	151.8	8571	9651	16728	25299	26379	295.2	273.3
GE II	5950	6550	3480	9430	10030	158.5	153.1	8319	9111	16728	25047	25839	301.1	283.6
GE III	5500	6000	3480	8980	9480	163.3	158.0	7425	8217	13608	21033	21825	283.5	265.6
GE IV	3900	5250	3360	7260	8610	186.2	164.0	5583	7365	13608	19191	20973	343.7	284.8
GE V	3000	4250	3360	6360	7610	212.0	179.1	4383	6039	10368	14751	16407	336.6	271.7
GE VI	2300	3400	3360	5660	6760	246.1	198.8	3549	5001	10368	13917	15369	392.1	307.3
GE VII	1885	2875	3360	5245	6235	278.2	216.9	2992	4317	8208	11205	12525	374.5	290.1

Source: Salary Scales and Allowances provided by Personnel Dept, Sudan Airways.

B707 Cap. = Boeing 707 Captain
B737 Cap. = Boeing 737 Captain
F27 Cap. = Fokers 27 Captain

B707 FO = Boeing 707 First Officer
B737 FO = Boeing 737 First Officer
F27 FO = Fokers 27 First Officer

FE = Flight Engineer (I-III)
GE = Ground Engineer (I-VIII)

Table A.4.6

SUDAN AIRWAYS

Air Crew and Engineers - Percentage changes in Nominal and Real Basic and Gross Salary, 1980-1986

GRADE	Percent Change 7/80-7/86				Real BS 7/1986 7/80=100		Real GS 7/1986 7/80=100		Real BS with increment	Real GS with increment
	BS		GS							
	Min (1)	Max (2)	Min (3)	Max (4)	Min (5)	Max (6)	Min (7)	Max (8)	7/80=100 (9)	7/80=100 (10)
B707 Cap.	139.8-138.8		223.1-219.3		29	29	47	46	33	48
B737 Cap.	139.4-138.9		227.8-224.1		29	29	48	47	33	49
F27 Cap.	139.7-139.0		235.8-231.9		29	29	49	49	33	51
B707 FO	141.7-139.5		262.4-251.1		30	29	55	53	35	57
B737 FO	140.2-140.3		264.4-251.9		30	29	55	53	40	58
F27 FO	154.4-147.9		279.6-266.3		32	31	59	56	42	61
FE I	141.1-139.4		275.3-265.5		30	29	57	56	36	59
FE II	144.4-141.9		301.6-290.2		30	30	63	61	37	65
FE III	151.3-147.7		304.5-294.2		32	31	64	62	40	66
GE I	139.4-138.9		259.5-250.0		29	29	54	52	33	57
GE II	139.8-138.9		265.6-257.6		29	29	56	54	32	57
GE III	135.0-137.0		234.2-230.2		28	29	49	48	31	51
GE IV	143.2-140.3		264.3-243.6		30	29	55	51	40	61
GE V	146.1-142.1		231.9-215.6		31	30	49	45	42	54
GE VI	154.3-147.1		245.9-227.4		32	31	52	48	46	57
GE VII	158.7-150.2		213.6-200.9		33	32	45	42	48	50

Source: Compiled from Table A.4.5.

Notes

(i) $$\text{Real BS } 7/1986 \text{ (BS 1980=100)} = \frac{\text{BS 1986}}{\text{CP 1986}} \times \frac{100}{\text{BS 1980}} \times 100$$

(ii) CPI 1986 = 476.6

(iii) Columns (9) and (10) are equivalent to Columns (9) and (10) in Table 4.4.

Table A.4.7

SUDAN AIRWAYS

Individual GS as Percentage of BS, July 1986

Monthly Basic Salary	Number of Individuals	GS/BS Percentage range	Average GS/BS
100	18	233-314	264
100-149	4	215-242	231
150-199	4	197-215	208
200-249	6	186-222	195
250-299	3	189-218	199
300-349	-	-	-
350-399	1	174	174
400-449	3	164-192	175
450-499	7	169-205	179
500-549	2	161-187	174
550-599	4	188-268	228
600-649	-	-	-
650-699	-	-	-
700-749	1	250	250
Total	50	161-314	234

Source: Personnel Department, Sudan Airways.

* Gross Salary is actual total monthly pay excluding overtime.

Table A.4.8

SUDAN AIRWAYS

Examples of Individual Monthly Gross Salary, July 1986

Item	Grade 4 £s	%BS	Grade 4 £s	%BS	Grade 8 £s	%BS	Grade 9 £s	%BS	Grade 9 £s	%BS	Grade 9 £s	%BS
BS	545	100.0	595	100.0	283	100.0	177.5	100.0	220	100.0	219.5	100.0
HA	200	36.7	200	33.6	75	26.5	75.0	42.3	75	34.1	75.0	34.2
NE	200	36.7	200	33.6	125	44.2	125.0	70.4	125	56.8	125.0	56.9
Other	355	65.1	375	63.0	60	21.2	111.0	62.5	40	18.2	123.0	56.0
GS	1300	238.5	1370	230.0	543	191.9	488.5	275.2	460	209.1	542.5	247.2

Item	Grade 14 £s	%BS	Grade 14 £s	%BS	Grade 14 £s	%BS
BS	144	100.0	135	100.0	125.75	100.0
HA	50	34.7	50	37.0	50.00	39.8
NW	75	52.1	75	55.6	75.00	59.6
Other	60	41.7	60	44.4	60.00	47.7
GS	329	228.5	320	237.0	310.75	247.1

Item	Grade 18* £s	%BS	Grade 18 £s	%BS	Grade 18 £s	%BS	Grade 18 £s	%BS	Grade 18 £s	%BS	Grade 18 £s	%BS
BS	82	100.0	81.0	100.0	84.0	100.0	84.25	100.0	75.25	100.0	82.25	100.0
HA	40	48.8	40.0	49.4	40.0	47.5	40.0	47.5	40.0	52.5	40.0	48.6
NW	50	61.0	50.0	61.7	50.0	59.2	50.0	59.2	50.0	65.6	50.0	58.0
Other	61	74.4	81.5	100.6	82.0	96.5	81.5	96.7	81.5	106.9	81.5	99.1
GS	233	284.1	252.5	311.7	256.0	304.8	255.75	303.6	247.75	324.9	253.75	308.5
O/T	163	198.8	48.0	59.3	66.0	78.6	65.5	77.8	38.0	50.0	24.7	30.0
GP	396	482.9	300.5	371.0	322.0	383.3	321.25	381.3	285.85	374.8	278.45	338.5

Source: Personnel Department, Sudan Airways.

* Security Guard
BS = Basic Salary
HA = Housing Allowance
NW = Nature of Work Allowance
Other = all other allowances
GS = Gross Salary excluding Overtime
GP = Gross Pay including Overtime

Table A.4.9

SUDAN AIRWAYS

Number and Percentage of Employees by Grades 1980 and 1986

Grade	No. of Employees 1980	No. of Employees 1986	% of Employees 1980	% of Employees 1986	Cumulative Number 1980	Cumulative Number 1986	Cumulative per cent 1980	Cumulative per cent 1986
1	1	1	0.0	0.0	1	1	0.0	0.0
2	2	0	0.1	-	3	1	0.1	0.0
3	3	3	0.1	0.1	6	4	0.2	0.2
4	18	20	0.6	0.9	24	24	0.8	1.0
5	51	67	1.6	2.9	75	91	2.4	3.9
6	79	104	2.5	4.5	154	195	5.0	8.5
7	138	196	4.4	8.5	292	391	9.4	16.9
8	183	277	5.9	12.0	475	688	15.3	29.0
9	64	3	2.1	0.1	539	671	17.4	29.1
10	179	176	5.8	7.6	718	847	23.1	36.7
11	271	323	8.7	14.0	989	1170	31.9	50.7
12	431	298	13.9	12.9	1420	1468	45.8	63.6
13	227	171	7.3	7.4	1647	1639	53.1	71.0
14	308	15	9.9	0.7	1955	1654	63.0	71.7
15	225	176	7.3	7.6	2180	1830	70.3	79.3
16	302	204	9.7	8.8	2482	2034	80.0	88.2
17	621)	179	20.0	7.8	3103	2213	100.0	95.9
18	)	94		4.1		2307		100.0
Total	3103	2307	100.0	100.0				

GROUND ENGINEERS

Range	1980	1986	1980	1986	1980	1986	1980	1986
1	27	66	18.0	47.8	27	66	18.0	47.8
2	28	16	18.7	11.6	55	82	36.7	59.4
3	10	8	6.7	5.8	65	90	43.3	65.2
4	10	7	6.7	5.1	75	97	50.0	70.3
5	15	6	10.0	4.3	90	103	60.0	74.6
6	20	20	13.3	14.5	110	123	73.3	89.1
7	40	15	27.7	10.9	150	138	100.0	100.0
Total	150	138	100.0	100.0				

Source: Personnel Department, Sudan Airways.

Table A.4.10

SUDAN AIRWAYS

Total Basic and Gross Salaries Costs 1986

GRADE	Number Employed 1980 (1)	Number Employed 1986 (2)	Mid-point BS 1986 (3)	Total BS 1986 for 2307 (4)	Total BS 1986 for 3103 (5)	Mid-point GS 1986 (6)	Total GS 1986 for 2307 (7)	Total GS 1986 for 3103 (8)
1	1	1	8900.0	8,900.0	8,900.0	20480.0	20,480.0	20,480.0
2	2	0	8100.0	-	16,200.0	18120.0	-	36,240.0
3	3	3	7164.0	21,492.0	21,492.0	15984.0	47,952.0	47,952.0
4	18	20	6840.0	136,800.0	123,120.0	14760.0	295,200.0	265,680.0
5	51	67	6408.0	429,336.0	326,808.0	12768.0	855,456.0	651,168.0
6	79	104	5814.0	604,656.0	459,306.0	10794.0	1,122,576.0	852,726.0
7	138	196	5242.5	1,027,530.0	723,465.0	9742.5	1,909,530.0	1,344,465.0
8	183	277	3747.0	1,037,919.0	685,701.0	7947.0	2,201,319.0	1,454,301.0
9	64	3	2526,0	7,578.0	161,664.0	6426.0	19,278.0	411,264.0
10	179	176	3358.5	591,096.0	601,171.5	6238.5	1,097,976.0	1,116,691.5
11	271	323	3040.5	982,081.5	823,975.5	5320.5	1,718,521.5	1,441,855.5
12	431	298	2496.0	743,808.0	1,075,776.0	4776.0	1,423,248.0	2,058,456.0
13	227	171	1864.5	318,829.5	423,241.5	3844.5	657,409.5	872,701.5
14	308	15	1744.5	26,167.5	537,306.0	3724.5	55,867.5	1,147,146.0
15	225	176	1339.5	235,752.0	301,387.5	3019.5	531,432.0	679,387.5
16	302	204	1072.5	218,790.0	323,895.0	2752.5	561,510.0	831,255.0
17	621	179	961.5	172,108.5	597,091.5	2521.5	451,348.5	1,565,851.5
18		94	901.5	84,741.0		2461.5	231,381.0	
T	3103	2307		6,647,585.0	7,210,500.0		13,200,483.0	14,797,619.0
				Av. BS 2881.5	Av. BS 2323.7		Av. GS 5721.9	Av. GS 4768.8

Source: Accounting Department, Sudan Airways.

C A S E S T U D Y (5)

EARTHMOVING AND IRRIGATION CORPORATION

(EMIC)

Numbers Employed

In 1986, the EMIC had a workforce of 3909 in regular establishment of which 82.4 percent were unclassified. The classified comprised 203 engineers and technicians, 149 accountants, 196 clerks and 150 of miscellaneous occupations (Table A5.1). Since 1984 vacancies in low grade posts have remained unfilled and those in higher grades filled by internal promotion, in an effort by the management to reduce overmanning.

On the other hand, it was reported that the EMIC recruits a large number of casual labourers annually. Although no details were available regarding exact numbers, frequency or incidence of their employment, in 1986 approximately 4000 casual workers were engaged. The EMIC is probably untypical as an employer having this unusually high proportion of non-permanent workers paid at about £s3 per day with no other entitlements. The discussion below, in the absence of any systematic information concerning EMIC's casual labour force, is related solely to staff in regular establishment.

Basic Salary Scales

The EMIC has adapted the public corporations' scales for the unclassified workers by dropping the first two or three incremental steps and adding additional steps, thereby extending the scale. Grades 18(1)-18(4), 17B and 16B in the public corporations have been renumbered Grades 1-7. The EMIC scales, with the exception of Grade 6 (which retains the starting salary of Grade 16B but has two additional

steps) are, therefore, higher than corresponding public corporations' scales with a positive differential of up to 15 percent (Tables A.5.2 and A.5.3).

The movements in the EMIC basic salary scales for unclassified staff between 1983 and 1986, are illustrated in TableA5.4. As evident, the increases ranged from 33.4 to 58.6 percent in the scale minima and from 20 to 47.5 percent in the scale maxima.

The CPI in the first four months of 1986 was 250 percent, the average for the corresponding four months in 1983. This suggests that basic salary scales fell in real terms by 37.5-52.0 percent between 1983 and 1986.

It is understood that classified employees follow the same grading classification system and basic salary scales as the public corporations' provisions without modifications.

Gross Salaries

It is reported that the EMIC pays housing, transport, nature of work and other allowances to its classified and unclassified staff at civil service rates. However, examination of payroll records and the examples shown in TableA5.5 shows that travel allowance paid is higher. In addition, there is a performance bonus, introduced in 1983, varying between £s20-100 according to grade, paid monthly if projects progress according to the scheduled programme.

Overtime is paid to unclassified workers at monthly BS/140 for work performed on a normal day and BS/120 for holiday.

The weight of allowances and bonus payments is illustrated in TablesA5.5 andA5.6 which show examples of gross salaries of 46 EMIC classified and unclassified staff. Bonus adds 15-10 percent to basic salary which is effectively doubled when allowances are included.

No information on overtime payments was available.

Industrial Relations

Three unions organise the EMIC staff (Engineers, Officials and Manual Workers) with virtually 100 percent membership. Casual labourers are excluded from union membership. EMIC unions, of course, affiliate to their respective national unions. Both the management and union officials reported that they perceive the role of unions in pay determination as rather limited. The unilateral setting of basic salaries and allowances by the Ministry of Finance and Economic Planning leaves no provision for collective bargaining at the organisational level. However, unions feel that they can still influence the pay package of their members by other means. A senior official in the Engineer's union disclosed to the writer that the introduction of the bonus scheme was a product of a two-weeks strike jointly staged by the three unions in September 1983.

Table A.5.1

EMIC

Number of Employees by Occupational Classification

Occupational Classification		Nos.	%
Classified			
Engineers and Technicians	203		
Accountants	149		
Clerks	196		
Other	150		
Total classified		698	17.6
Unclassified		3211	82.4
TOTAL		3909	100.0

Source: Personnel Dept, EMIC.

Table A.5.2

EMIC

Manual Workers' Basic Salary Scales and PC Scales (per annum)
1983 and 1986

	Grade	Year	Incremental Step (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
EMIC	7	1983	1598	1650	1702	1754	1806	1858	1910	1965	2020	2075
		1986	2535	2610	2685	2760	2335	2960	2985	3060		
PC	15	Para	2310	2385	2460	2535	2610	2685	2760	2835		
EMIC	6	1983	1307	1352	1397	1442	1494	1546	1598	1650	1702	1754
		1986	2031	2106	2181	2256	2331	2406	2481	2556	2631	2706
PC	16B	Para	2031	2106	2181	2256	2331	2406	2481	2556		
EMIC	5	1983	1075	1120	1165	1210	1255	1300	1345	1390	1442	1494
		1986	1530	1593	1656	1719	1782	1845	1908	1971	2034	
PC	17B	Para	1404	1467	1530	1593	1656	1719	1782	1845		
EMIC	4	1983	870	910	950	990	1030	1070	1110	1150	1190	1230
		1986	1161	1212	1263	1214	1365	1416	1467	1518		
PC	18(4)	Para	1008	1059	1110	1161	1212	1263	1314	1365		
EMIC	3	1983	700	735	770	805	840	875	910	945	980	1015
		1986	966	1002	1038	1074	1110	1146	1182	1218		
PC	18(3)	Para	858	894	930	966	1002	1038	1074	1110		
EMIC	2	1983	605	630	655	680	705	730	755	780	835	
		1986	846	876	906	936	966	996	1026	1056	1086	
PC	18(2)	Para	786	816	846	876	906	936	966	996		
EMIC	1	1983	602	625	648	671	694	717				
		1986	816	846	876	906	936	966				
PC	18(1)	Para	756	786	816	846	876	906	936			

Source: Personnel Dept, EMIC.

Table A.5.3

EMIC

BS Scale as Index of PC BS Scale 1986

Grade PC	Grade EMIC	BS Minimum PC	BS Minimum EMIC	BS Maximum PC	BS Maximum EMIC	Index EMIC BS /PC BS Min	Index EMIC BS /PC BS Max
15	7	2310	2535	2835	3060	109.7	107.9
16B	6	2031	2031	2556	2706	100.0	105.9
17B	5	1404	1530	1845	2034	109.0	110.2
18(4)	4	1008	1161	1365	1518	115.2	111.2
18(3)	3	858	966	1110	1218	112.6	109.7
18(2)	2	786	846	996	1086	107.6	109.0
18(1)	1	756	816	936	996	107.9	106.4

Notes: For Grades 2 and 5 the EMIC scale has an extra incremental step compared to PC's scales, and it is this which has been taken as the EMIC maximum.

Grade 6 has two extra incremental steps and the higher has been used.

For Grade 1 the EMIC scale has one incremental step less than the PC scale. The maximum index shows the EMIC maximum as a percentage of the full PC scale including this extra step. The minimum index calculation, however, is straight-forward showing the EMIC minimum basic salary as a percentage of the PC minimum BS.

Table A.5.4

EMIC

Percentage change in Nominal BS and Indices of Real Pay 1983-1986

	1986 BS % 1983 BS			Index 1986 Real BS 1983 = 100	
	Min	Max	1986 Max equivalent	Min	Max
7	158.6	147.5	155.7	63.5	60.0
6	155.4	154.3		62.2	61.7
5	142.3	136.1	141.1	56.9	54.5
4	133.4	123.4	132.0	53.4	49.4
3	138.0	120.0	128.9	55.2	48.0
2	139.0	130.1		55.9	52.0
1	158.6	134.7		54.2	53.9

Source: compiled from tables A.5.1 and A.5.2.

Notes:

(i) The 1986 maximum equivalent is the 1986 scale maximum as a percentage of the equivalent incremental step on the 1983 scale. Grade 3 was reduced by two incremental steps and so Grades 4 and 7. Grade 5 was reduced by one.

(ii) CPI 1986 = 250
1980 = 100

Table A.5.5

EMIC

Examples of Individual Gross Salary, July 1986

	Grade 4 (1972)*		Grade 12		Grade 11 (1978 in 12)		Grade 11 (1981 in 12)		Grade 17B (1982)		Grade 17B		Grade 17B (1974)	
	£s	%BS	£s	%BS	£s	%BS	£s	%BS	£s	%BS	£s	%BS	£s	%BS
BS	554	100.0	189.5	100.0	292	100.0	283	100.0	111	100.0	138	100.0	120	100.0
HA	125	22.6	70	36.9	85	29.1	85	30.0	25	22.5	25	18.1	25	20.8
TA	49	8.8	49	25.9	49	16.8	49	17.3	49	44.1	49	35.5	49	40.8
NW	130	23.5	75	36.9	90	30.8	90	31.8	20	18.0	20	14.5	20	16.7
Bonus	80	14.4	45	23.7	55	18.8	55	19.4	20	18.0	20	14.5	20	16.7
Mileage	175	31.6												
Acting	50	9.0												
Qualif	30	5.4							10**	9.0				
GS	1193	215.3	428.5	226.1	571	195.5	562	198.6	235	211.7	252	182.6	234	195.0

Source: Personnel Dept, EMIC.

* Date of recruitment and recruitment grade where known is shown in parentheses.

** Secretarial Allowance.

Table A.5.6

EMIC

Examples of GS excluding Overtime as percentage of BS, July 1986

Classified Staff				Unclassified			
Grade	BS	GS	GS/BS	Grade	BS	GS	GS/BS
1	742	1452	196	7	255	384	151
3	597	1187	199	6	207	321	155
3	597	1037	174	5	154	258	168
3	581	1175	202	4	114	203	178
3	572	1052	184	3	110	189	172
6	494	878	178	3	81	160	198
8	434	803	185	2	86	165	192
9	391	666	170	1	73	152	208
9	381	859	225	1	68	147	216
9	351	610	174				
9	331	655	198				
11	301	525	174				
11	292	571	196				
12	189	428	226				
13	264	473	179				
13	264	493	187				
15	242	421	174				
15	242	446	184				
16	188	327	174				
16	163	228	140				
16	163	292	179				
16	163	302	185				
16	151	289	192				
16	151	260	172				
16	133	227	171				
17A	120	234	195				
17A	116	230	198				
17A	111	225	203				
17A	106	220	208				
17A	88	202	230				

Source: Personnel Dept, EMIC.

C A S E S T U D Y (6)

BANK OF KHARTOUM

INTRODUCTION

Bank of Khartoum is the largest of the five commercial state-owned banks in the country. The others include: El-Nielin, Unity, The Commercial, and the National Bank of Import and Export. Prior to nationalisation in 1970, the Bank of Khartoum was the Sudan's branch of Barclays Bank. Its activities have expanded considerably after taking over the People's Co-operative Bank, another publicly-owned bank which had run into financial difficulties, in 1983.

EMPLOYMENT AND LABOUR COST

In 1985, the Bank of Khartoum was employing 2,290 staff. Table A.6.1 provides details of changes in the volume of the workforce, wage bill and profits during 1980-86. Due to the take-over of the People's Co-operative bank in 1983, the number of employees increased by 77 per cent between 1982 and 1983. However, employment fell by approximately 13 per cent and 4 per cent in the next two years. This could be attributed to the creation, following the adoption of Islamic Sharia Laws in 1983, of a chain of Islamic financial institutions. In 1983/84 alone five Islamic banks and three Islamic insurance companies were set up recruiting the majority of their employees from the state banks by offering more attractive terms of service. Nevertheless, some employees

leaving public banks did so in order to migrate to the neighbouring oil-rich Arab countries.

The movements in the wage bill show that there has been a continuous upward trend independent from the changes in the size of the work-force. For example, while the number of staff fell by about 13 per cent from 1983 to 1984, the wage bill had increased by more than 100 per cent. This increase in the wage bill appeared to have affected profits which fell by almost a half during the period. The modest increase in the wage bill in 1985 (by 7 per cent) allowed the net profit to increase substantially in 1985/86. Having said this, it is not easy to discern a direct relationship between employment, wage bill and the profit. For example in 1980/81, there was 4 per cent increase in employment, 23 per cent increase in the wage bill and as high as 122 per cent increase in profits. In the next year, a relatively modest increase in employment and the wage bill did not boost profits which declined by almost 5 per cent. This suggests that while the wage bill must be directly affected by the numbers employed and may influence profit levels, other factors may be equally important in determining both the wage and profit levels.

COLLECTIVE AGREEMENTS

Terms and conditions of employment of staff in the Bank are usually determined according to periodic collective agreement between the General Union of Banks' Employees (GUBE) and the central bank, Bank of Sudan. The latter agreement was concluded in 1984. There was an agreement in force since January 1979, and partial adjustments were carried out in 1983. Substantial improvements in allowances were made in 1979 and a new grade (1A) was introduced. Allowances were not changed in 1983 but considerable improvements were made in 1984. Notwithstanding that the

current collective agreement (1986) provided for revision only in January 1987, as a result of a threat of industrial action, bank employees were able to receive a nature of work allwoance in July 1986. The Resolution of Council of Ministers (No. 985, dated August 1985) introducing the package of improvements in public sector pay, contained a clause specifically excluding public companies and bank personnel from the approved salary increases. There was no such specific exclusion for allowances.

SALARY SCALES AND ALLOWANCES

Basic salary scales and allowances for classified from January 1974 to April 1986 are shown in Table A.6.2. As seen, the Bank of Khartoum allocates its classified staff in one of the 12 grades extending from grade 1 to grade 10A plus grade 1A. Allowances in 1983 were the same as in 1979 and the basic salary scales remained unchanged from 1984. The nature of work allowance included in 1986 gross salaries is shown in Table A.6.3 which also gives the 1986 basic salary scales for the six unclassified grades. It can be seen that for the majority of classified grades and all unclassified grades, the nature of work allowance as a percentage of the basic salary exceeds the 25 per cent stipulated in the July 1986 agreement.

In addition to the nature of work allowance, the standard allowances assumed for purposes of calculating gross salary in Table A.6.2 include:

a) housing allowance ranging from £s240 to £s600 per annum for grades 6 - 1 in 1974, and from £s720 to £s3,300 for grades 10 - 1 in 1984;

b) travel allowance, £s60 to £s240 for grades 10 - 1 in 1974, and £s480 to £s1,920 for grades 10A - 1 in 1984;

c) responsibility allowance of £s600 to £s900 for grades 1 and 2 in 1984;

d) entertainment allowance of 7 per cent of basic salary for grades 1 - 4 in 1979 and 10 - 15 per cent in 1984;

e) family allowance assumed to be £s180 per annum in 1984. Currently it is £s40 a month for a married person plus £s10 for each of the first three children;

f) mileage allowance ranged from £s1,500 to £s1,980 per annum for grades 4 - 1 in 1984.

In addition, holiday leave payment was made on the basis of half-a-month to one-and-a-half month's basic salary in 1974 and on one to two-and-a-half month's basic salary in 1984. Cashier, typist and telephonist allowances are payable to the staff performing relevant duties.

As Table A.6.4 shows, the ratio of gross salary to basic salary had increased substantially over the decade. In 1974 gross salary was about a quarter to a third more than basic salary. In 1984 it was approximately double, and in some cases nearly two-and-a-half times basic salary. In 1986, for all grades without exception, allowances raised basic salary by more than 200 per cent and for the bottom of grade 10 by nearly 300 per cent. The fact that allowances remained unchanged in 1974, resulted in reduced GS/BS ratios in 1983 relative to 1979 ratios. Equally the unchanged basic salaries during 1984-86, combined with the increase in the existing rates of allowance as well as the addition of the nature of work allowance, led to higher GS/BS ratios in 1986 than in 1984. The continuous increase in the GS/BS ratios over time indicates that employees are more likely to increase their pay package by gaining improved allowances rather than increased basic salaries.

The top-bottom basic salary and gross salary ratios for four grades are shown in Table A.6.5. They reveal a narrowing of differentials between 1974 and 1983, followed by a widening from 1984. The Personnel Manager in the Bark claimed that the observed widening of differentials in recent years was a deliberate policy measure directed to stemming the loss of senior staff to the newly opened foreign and Islamic banks.

Indices of nominal and real gross salary are shown in Table A.6.6. During 1979- 1984, nominal gross salary had increased by 61 - 85 per cent in the scales' minima and by 60 - 80 per cent in scales' maxima. Nevertheless, whatever the increases in nominal pay all employees' pay was eroded considerably in real terms. By 1986, real gross salary scales were about 30 per cent of their 1979 levels, some 55 - 64 per cent of 1983 levels and 53 - 59 per cent of 1984 levels.

PROMOTION AND REGRADING

While nominal salary increases had, thus, done little to maintain the real salaries, individuals would not have remained on the same minimum scale or perhaps in the same grade for seven years. There is a provision for two increments a year and an upward progress to higher salary scales. Secondary school leavers are recruited into grade 10A with promotion to grade 10 after six months. University graduates enter grade 9 and are promoted to grade 7 after two years. Promotion not only increases basic salary but also the value of allowances. Table A.6.7 shows the 'career profile' of a university graduate and a secondary school leaver assumed to have been recruited in January 1979. The university graduate entering in grade 9 and promoted to grade 7 in January 1981 would have increased his real gross salary by 30 per cent. It has been assumed that from January 1984, this individual progressed to grade 6 but received the

allowances of grade 7. If he had been promoted he would have received higher allowances and so a higher real gross salary from 1984. The secondary school entrant, on the other hand, would have received an increase in real gross salary of as little as 2 per cent; if promoted to grade 9, his real gross salary would have risen by 10 per cent above the 1979 level, and by 15 per cent if promoted to grade 8.

Entrants in January, 1979 benefited from the increase in basic salary in July 1979, and so their starting gross salary was relatively low. Table A.6.8 illustrates the career profile earnings of two entrants in July 1983. The university graduate would have an increase in real gross salary of 10.5 per cent in April and a secondary school entrant would have a reduction in real gross salary of 7.6 per cent.

Examples of promotion and regrading for a number of the Bank staff are provided in Table A.6.9. Broadly, the figures in the table show that the effect of promotion and regrading on individuals' real pay could vary significantly. For example, one person has had a reduction in real gross salary of more than 50 per cent since January 1979 while another has had an increase of more than 70 per cent (columns 8 - 10). Real gross salary in 1979 may have been relatively low for those who had begun employment only a short time before January 1979, but due to adjustment in basic salary scales, incremental system and the introduction and improvement in allowances promotion and regrading, have led to increases in real gross salary for a number of these individuals over the period January 1979 to April 1986, when the nature of work allowance was introduced (column 8). Nevertheless, even when the nature of work allowance is taken into consideration, few individuals were able to increase their real gross pay in 1986 relative to 1984 or 1982 levels. Comparison of real gross salary indices in columns 8 - 10 clearly indicates the signi-

ficance of the choice of starting date in assessment of changes in real gross salary.

Finally, Bank of Khartoum provides generous benefits to its employees in the form of free medical care, low-cost loans and a relatively attractive pension scheme. No information was available to enable the quanitification of these benefits as percentage of total earnings.

Table A.6.1

BANK OF KHARTOUM

Employment, Wage Bill and Net Profits, 1980-1985

Year	Employment		Wage Bill		Net Profits		Average Wage		Profit per Employee	
	No.	% Change	£s (000)	% Change	£s (000)	% Change	£s	% Change	£s	% Change
1980	1425	-	4463	-	10273	-	3132	-	7209	-
1981	1485	+ 4.2	5482	+ 22.8	22760	+121.6	3692	+ 17.9	15327	+112.6
1982	1537	+ 3.5	6095	+ 11.2	21663	- 4.9	3966	+ 7.4	14095	- 8.0
1983	2724	+77.2	7477	+ 22.7	37728	+ 74.2	2722	- 31.4	13734	- 2.6
1984	2379	-12.7	15779	+111.0	21313	- 53.5	6633	+143.7	8958	- 34.8
1985	2290	- 3.8	16912	+ 7.2	45993	+115.8	7385	+ 11.3	20084	+124.2

Source: Personnel Dept, Bank of Khartoum.

Wage Bill = Basic Salaries + Allowances.

Table A.6.2

BANK OF KHARTOUM

Basic Salary: Allowances and Gross Salary (£s per annum)
1974 - 1986

GRADE	1 January 1974						1 July 1979						1 January 1983					
	BS		Allce		GS		BS		Allce		GS		BS		Allce		GS	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
1	3600	4140	1272	1310	4872	5450	6180	7416	5058	5182	11238	12598	7292	8750	5058	5182	12350	13932
1A	-		-		-		6000	7200	5040	5160	11040	12360	7080	8496	5040	5160	12120	13656
2	3060	3510	1234	1266	4294	4776	5052	6060	4405	4506	9457	10566	5960	7150	4405	4506	10365	11656
3	2580	2980	961	989	3541	3969	4300	5160	3850	3936	8150	9096	5074	6088	3850	3936	8924	10024
4	2208	2586	934	959	3142	3545	3698	4440	3430	3500	7128	7940	4363	5239	3430	3500	7793	8739
5	1764	2094	540		2304	2634	3000	3600	2160		5160	5760	3540	4248	2160		5700	6408
6	1416	1716	540		1956	2256	2550	3060	1920		4470	4980	3008	3610	1920		4928	5530
7	1128	1398	300		1428	1698	2050	2460	1440		3490	3900	2419	2902	1440		3859	4342
8	900	1140	240		1140	1380	1660	1992	1320		2980	3312	1958	2350	1320		3278	3670
9	720	930	240		960	1170	1345	1614	1260		2605	2874	1587	1904	1260		2847	3164
10	576	756	240		816	996	1100	1266	1260		2360	2526	1298	1493	1260		2558	2753
10A	-		-		-		-		-		-		1062	1167	1260		2322	2427

GRADE	1 January 1984						1 April 1986					
	BS		Allce		GS		BS		Allce		GS	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
1	9042	10851	8256	8528	17298	19379	9042	10851	10056	10328	19098	21179
1A	8779	10035	8218	8405	16997	18440	8779	10035	10016	10205	18795	20240
2	7390	8867	6559	6707	13949	15574	7390	8867	8239	8387	15629	17254
3	6285	7550	5308	5435	11593	12985	6285	7550	6868	6995	13153	14545
4	5467	6496	4740	4850	10147	11346	5407	6496	6180	6290	11587	12786
5	4248	5070	3240		7488	8310	5248	5070	4560		8808	9630
6	3610	4333	2880		6470	7213	3610	4333	4080		7690	8413
7	2902	3483	2460		5362	5943	2902	3483	3540		6442	7023
8	2274	2725	2160		4434	4885	2274	2725	3120		5394	5845
9	1839	2209	2160		3999	4369	1839	2209	2880		4719	5089
10	1454	1672	2040		3496	3712	1454	1672	2520		3974	4192
10A	1062	1167	1380		2442	2547	1062	1167	1440		2502	2607

Source: Personnel Dept, Bank of Khartoum.

(1) Housing Allowance
(2) Travel Allowance
(3) Mileage Allowance
(4) Family Allowance
(5) Responsibility Allowance
(6) Entertainment Allowance

Table A.6.3

BANK OF KHARTOUM

Basic Salary and Nature of Work Allowance for Classified and Unclassified Staff, 1986

Grade	BS Min	BS Max	NW Allowance £s pa	% BS Min	% BS Max
Classified:					
1	9042	10851	1800	19.9	16.6
2	7390	8867	1680	22.7	18.9
3	6285	7550	1560	24.8	20.7
4	5407	6496	1440	26.6	22.2
5	4248	5070	1320	31.1	26.0
6	3610	4333	1200	33.2	27.7
7	2902	3483	1080	37.2	31.0
8	2274	2725	960	42.2	35.0
9	1839	2209	720	39.2	32.6
10	1454	1672	480	33.0	28.7
Unclassified:					
8B	3556	4267	1200	33.7	28.1
9B	3089	3552	1080	35.0	30.4
10B	2242	2803	840	37.5	30.0
11	1555	2101	600	38.6	28.6
12	1090	1417	420	38.5	29.6
13	756	920	240*	31.2	26.1

Source: Personnel Dept, Bank of Khartoum.

* £s15 a month if less than two year's service and £s20 a month if more than two year's service.

Table A.6.4

BANK OF KHARTOUM

Classified Employees GS as Index of BS, 1974-1986

Grade	1/1974 GS/BS Min	Max	7/1979 GS/BS Min	Max	1/1983 GS/BS Min	Max	1/1984 GS/BS Min	Max	4/1986 GS/BS Min	Max
1	135.3-131.6		181.8-169.9		169.4-159.2		191.3-178.6		211.2-195.2	
1A	-	-	184.0-171.7		171.2-160.7		193.6-183.8		214.1-201.7	
2	140.3-136.1		187.0-174.4		173.9-163.0		188.8-175.6		211.5-194.6	
3	137.2-133.2		189.5-176.3		175.9-164.7		184.5-172.0		209.5-192.7	
4	142.3-137.1		192.8-178.8		178.6-166.8		187.7-174.7		214.3-196.8	
5	130.6-125.8		172.0-160.6		161.0-150.8		176.3-163.9		207.3-189.9	
6	138.1-131.5		175.3-162.7		163.8-153.2		179.8-166.5		213.0-194.2	
7	126.6-121.5		170.2-158.5		159.5-149.6		184.8-170.6		220.0-201.6	
8	126.7-121.0		179.5-166.3		167.4-156.2		195.0-179.3		237.2-214.5	
9	133.3-125.8		193.7-178.1		179.4-166.2		217.5-197.8		256.6-230.4	
10	141.7-131.7		214.5-199.5		197.1-184.4		240.3-222.0		273.3-250.7	
10A	-	-	-	-	218.6-208.0		229.9-218.3		235.6-223.4	

Source: Compiled from Table A.6.2.

Table A.6.5

BANK OF KHARTOUM

Classified Basic and Gross Salaries, top-bottom ratios

Basic Salary

Grade	1974 Min	Max	1979 Min	Max	1983 Min	Max	1984 Min	Max	1986 Min	Max
1	6.25	5.48	5.62	5.86	5.62	5.86	6.22	6.49	6.22	6.49
4	3.83	3.42	3.36	3.51	3.36	3.51	3.72	3.89	3.72	3.89
7	1.96	1.85	1.86	1.94	1.86	1.94	2.00	2.08	2.00	2.08
10	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Gross Salary

1	5.97	5.47	4.76	4.99	4.83	5.06	4,96	5.22	4.81	5.05
4	3.85	3.56	3.02	3.14	3.05	3.17	2.90	3.06	2.92	3.05
7	1.75	1.70	1.48	1.54	1.51	1.58	1.53	1.60	1.62	1.68
10	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Calculated from Table A.6.2.

Table A.6.6

BANK OF KHARTOUM

Indices of Nominal and Real Gross Salaries, 1979-1986

Grade	Index GS Minimum April 1986 on			Index Real GS Min April 1986 on			Index GS Maximum April 1986 on			Index Real GS Max Apil 1986 on		
	7/79	1/83	1/84	7/79	1/83	1/84	7/79	1/83	1/84	7/79	1/83	1/84
1	169.9	154.6	110.4	30	59	54	168.1	152.0	109.3	29	58	53
2	165.3	150.8	112.0	29	57	55	163.3	148.0	110.8	28	56	54
3	161.4	147.4	113.5	28	56	55	159.9	145.1	112.0	28	55	55
4	162.6	148.7	114.2	28	57	56	161.0	146.3	112.7	28	56	55
5	170.7	154.5	117.6	30	59	57	167.2	150.2	115.9	29	57	56
6	172.0	156.0	118.5	30	59	58	168.9	152.1	116.6	29	58	57
7	184.6	166.9	120.1	32	64	59	180.1	161.7	118.2	31	62	58
8	181.0	164.6	121.7	32	63	59	176.5	159.3	119.7	31	61	58
9	181.2	165.8	118.0	32	63	57	177.1	160.8	116.5	31	61	57
10	168.4	155.4	113.7	29	59	55	166.0	152.3	112.9	29	58	55

Source: Figures in Table A.6.2 deflated by respective CPI figures.

Table A.6.7

BANK OF KHARTOUM

Illustrations of 'Career' Gross Salaries: Individuals Assumed Recruited January 1979

Date	University Graduate						Secondary School Leaver					
	Grade/ Step	BS	TA	HA	NW	GS	Grade/ Step	BS	TA	HA	NW	GS
1/79	9/1	60	5	-	-	65	10/1	48	5	-	-	53
7/79(1)	9/1	112	35	30	-	177	10/1	92	5	30	-	157
1/80	9/3	123	35	30	-	188	10/3	101	5	30	-	166
1/81	7/1	135	40	40	-	215	9/1	112	35	30	-	177
1/82	7/3	188	40	40	-	268	9/3	123	35	30	-	188
1/83(2)	7/5	242	40	40	-	322	9/5	159	35	30	-	224
1/84(1)	6/2	316	70	75	-	461	8/2	199	50	60	-	309
1/85	6/4	346	70	75	-	491	8/4	218	50	60	-	328
1/86	6/4	376	70	75	-	521	7/1	242	50	60	-	352
4/86(3)	6/4	376	70	75	90	611	7/1	242	50	60	40	392

Index Real Gross Salary
1/79 - 4/86: 130

Index of Real Salary
1/79 - 4/86: 102

(1) General Increase in BS and Allowances
(2) General Increase in BS Scales
(3) From 1/84 paid on Grade 6, but Allowances for Grade 7

Table A. 6.8

BANK OF KHARTOUM

Illustration of 'Career' Gross Salaries: Individuals Assumed Recruited July 1983

Date	University Graduate						Secondary School Leaver					
	Grade/ Step	BS	TA	HA	NW	GS	Grade/ Step	BS	TA	HA	NW	GS
7/83	9/1	132	35	30	-	197	10A/1	88.5	35	30	-	153.5
1/84(1)		153	60	60	-	273	10/1	121	50	60	-	231
7/84	9/3	169	60	60	-	289						
1/85							10/3	133	50	60	-	243
7/85	7/1	242	70	75	-	387						
1/86							9/2	161	50	60	-	271(2)
4/86(3)		242	70	75	90	477		161	50	60	40	311
Real GS, 7/83 - 4/86: 110.5							Real GS 1983-86: 92.4					

(1) General Increases in BS and Allowances
(2) Increments to Grade 9 as above Grade 10 but assumed not promoted to receive Grade 10 Allowance
(3) NW Allowance effective

Table A.6.9

BANK OF KHARTOUM

Examples of Individual Pay 1979-1986

1986 Grade (1)	Recruited (2)	Previous GDE + Date (3)	GS/BS 1979 (4)	GS/BS 1982 (5)	GS/BS 1984 (6)	GS/BS 1984 (7)	Real GS 79-86 (8)	Real GS 82-86 (9)	Real GS 84-86 (10)
Classified:									
2	1963	6(74)		133.98	128.98	209.06		78	107
2	1971	7(74)		129.33	129.42	216.12		88	88
2	1954	4(75)	115.35	126.02	100.95	209.06	81	77	101
3	1967	7(74)			121.15	196.89			107
3	1962	6(74)	108.12	130.59	127.59	208.03	54	74	99
4	1970	7(74)	134.48	158.33	176.06	212.88	91	67	67
4	1966	4(74)	132.61	158.33	152.26	226.97	81	63	97
4	1970	7(74)	137.97	155.00	161.24	224.94	68	63	76
4F	1965	7(74)	132.61	158.18	171.84	209.19	86	72	68
5	1975	7(78)	130.30	147.06	159.08	195.39	133	67	65
5	1971	7(78)	125.76	158.82	168.81	200.10	44	58	60
5	1974	7(80)	124.74	168.24	166.40	210.11	122	69	72
5F	1965	7(74)	139.52	150.00	163.59	197.74	60	52	59
5	1962	7(77)	141.25	150.00	152.08	200.10	62	62	80
6	1978	9(81)	134.63	165.98	158.88	196.88	130	95	85
6	1976	7(80)	118.96	149.31	152.08	176.18	79	60	67
6	1973	7(79)	105.92	157.75	152.67	191.25	125	61	67
6	1974	7(80)	126.58	137.08	161.90	187.14	115	69	64
6	1977	7(83)	108.43	144.62	163.16	203.93	158	114	73
6	1976	7(80)	108.77	151.76	149.88	182.43	173	67	70
8F	1979	10(79)		175.89	192.48	244.66		75	73
8F	1980	10(80)		152.13	168.12	222.40		80	76
8F	1980	10(80)		180.57	196.50	236.80		72	70
8F	1980	10(80)		154.55	171.22	228.19		81	77
8F	1976	10(76)			163.30	208.00			68
8F	1977				160.33	238.72			83
10F	1985	10A(85)				265.06			
10F	1983	10A(83)			190.78	222.01			65
10F	1985	10A(85)			179.10	298.07			111
Unclassified:									
8B	1953	9(81)	129.55	165.63	165.95	195.62	84	55	63
8B	1952	10(74)	129.55	165.63	165.78	202.65	87	56	65
8B	1967				166.09	201.24			59
8B	1967				159.18	202.65			62

Notes:

(i) Col (2) shows the date of recruitment, Col (3) shows the grade with the year shown in parentheses. Details of the grade between the recruitment date and the date shown in Col (3) are not available, but comparison of Col (3) and Col (1) gives some indication indication of regrading and promotion.

(ii) F = Female

A P P E N D I X B

PRICE INDICES

SUDAN: PRICE INDICES, 1976-1986
(INDEX NUMBERS)

ITEM	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
COST OF LIVING INDEX (JANUARY 1970 = 100)											
LOWER SALARIES INDEX											
JANUARY	210.4	241.8	269.4	343.3	486.4	563.9	677.9	923.6	1,194.7	1,764.0	2,252.8
FEBRUARY	204.1	240.7	260.7	340.9	487.8	572.7	683.5	928.1	1,191.9	1,807.0	2,379.3
MARCH	204.1	241.1	266.5	339.6	486.2	575.4	692.9	943.3	1,191.9	1,896.0	2,443.5
APRIL	208.2	252.9	283.5	351.0	488.3	604.3	760.6	952.4	1,251.1	1,940.0	2,529.0
MAY	220.9	263.0	300.6	377.7	489.8	619.8	799.2	997.5	1,279.0	2,073.0	
JUNE	233.1	271.5	323.7	400.8	508.0	672.5	829.0	1,047.1	1,318.0	2,323.0	
JULY	238.8	285.6	352.7	437.5	521.1	741.3	858.9	1,134.6	1,482.0	2,271.0	
AUGUST	248.8	277.6	346.9	449.4	537.2	786.7	888.7	1,167.8	1,596.0	2,232.0	
SEPTEMBER	236.2	275.6	347.5	467.1	546.8	684.1	892.9	1,156.6	1,600.0	2,167.0	
OCTOBER	226.3	270.1	340.8	475.3	548.0	644.0	897.2	1,139.9	1,590.0	2,106.0	
NOVEMBER	229.0	274.8	339.8	475.6	549.0	631.2	901.4	1,122.9	1,634.0	2,044.0	
DECEMBER	241.6	268.0	338.8	486.9	550.2	626.3	912.5	1,157.3	1,679.0	2,100.0	
AVERAGE FOR YEAR	225.1	262.9	314.9	412.1	516.6	643.5	816.2	1,055.9	1,417.0	2,060.6	
HIGHER SALARIES INDEX											
JANUARY	190.5	222.5	250.3	324.2	456.1	529.5	648.8	893.5	1,142.0	1,654.0	2,142.0
FEBRUARY	186.8	221.2	249.4	322.9	458.9	540.1	651.6	895.5	1,140.6	1,688.0	2,236.3
MARCH	185.5	221.8	247.5	322.3	456.9	544.9	663.7	913.9	1,140.1	1,787.0	2,274.4
APRIL	189.0	231.4	261.4	331.0	459.6	564.8	706.0	920.3	1,184.1	1,837.0	2,345.0
MAY	189.0	238.2	274.4	353.6	462.1	580.2	733.2	960.9	1,206.0	1,941.0	
JUNE	211.2	237.2	292.4	374.8	478.3	625.1	765.0	993.9	1,233.8	2,148.2	
JULY	216.8	255.9	319.0	408.7	492.1	685.3	796.9	1,070.1	1,367.0	2,110.0	
AUGUST	224.5	252.8	316.7	419.3	510.6	727.3	828.7	1,104.4	1,457.0	2,086.0	
SEPTEMBER	215.4	253.2	316.3	435.3	517.6	639.2	833.8	1,089.7	1,458.6	2,046.5	
OCTOBER	209.1	248.4	311.1	441.5	518.3	608.0	839.0	1,083.4	1,454.0	2,006.0	
NOVEMBER	212.3	251.2	312.9	443.7	519.7	605.0	844.1	1,063.6	1,495.0	1,959.0	
DECEMBER	218.5	247.5	314.9	453.8	522.7	603.4	868.8	1,105.5	1,530.8	1,938.7	
AVERAGE FOR YEAR	204.1	240.7	288.9	385.9	487.5	604.0	765.0	1,007.6	1,317.0	1,939.0	

SUDAN: PRICE INDICES, 1976-1986

(Rates of Inflation)

ITEM	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
COST OF LIVING INDEX (JANUARY 1970 = 100)											
LOWER SALARIES INDEX											
JANUARY	1.8	14.9	11.4	27.4	41.7	15.9	20.2	36.2	29.4	47.7	27.7
FEBRUARY	0.5	17.9	8.3	30.8	43.1	17.4	19.3	35.8	28.4	51.6	31.7
MARCH	-0.7	18.1	10.5	27.4	43.2	18.3	20.4	36.1	26.4	59.1	28.9
APRIL	-3.5	21.5	12.1	23.8	39.1	23.8	25.9	25.2	31.4	55.1	30.4
MAY	3.0	19.1	14.3	25.6	29.7	26.5	28.9	24.8	28.2	62.1	
JUNE	3.0	16.5	19.2	23.8	26.7	32.4	23.3	26.3	25.9	76.3	
JULY	-0.0	19.6	23.5	24.0	19.1	42.3	15.9	32.1	30.6	53.2	
AUGUST	-0.7	11.6	25.0	29.5	19.5	46.4	13.0	31.4	36.7	39.8	
SEPTEMBER	-1.5	16.7	26.1	34.4	17.1	25.1	30.5	29.5	38.3	35.4	
OCTOBER	2.4	19.4	26.2	39.5	15.3	17.5	39.3	27.1	39.5	32.5	
NOVEMBER	5.4	20.0	23.7	40.0	15.4	15.0	42.8	24.6	45.5	25.1	
DECEMBER	11.0	10.9	26.4	43.7	13.0	13.8	45.7	26.8	45.1	25.1	
AVERAGE FOR YEAR	1.7	16.8	19.8	30.9	25.4	24.6	26.8	29.4	34.2	45.4	
HIGHER SALARIES INDEX											
JANUARY	-0.5	16.8	12.5	29.5	40.7	16.1	22.5	37.7	27.8	44.8	29.5
FEBRUARY	-0.4	18.4	12.7	29.5	42.1	17.7	20.6	37.4	27.4	48.0	32.5
MARCH	-2.1	19.6	11.6	30.2	41.8	19.3	21.8	37.7	24.8	56.7	27.3
APRIL	-3.2	22.4	13.0	26.6	38.9	22.9	25.0	30.4	28.7	55.1	27.7
MAY	-3.0	26.0	15.2	28.9	30.7	25.6	26.4	31.1	25.5	60.9	
JUNE	3.1	12.3	23.3	28.2	27.6	30.7	22.4	29.9	24.1	74.1	
JULY	1.2	18.0	24.7	28.1	20.4	39.3	16.3	34.3	27.7	54.4	
AUGUST	0.7	12.6	25.3	32.4	21.8	42.4	13.9	33.3	31.9	43.2	
SEPTEMBER	0.3	17.5	24.9	37.6	18.9	23.5	30.4	30.7	33.9	40.3	
OCTOBER	4.9	18.8	25.2	41.9	17.4	17.3	38.0	29.1	34.2	38.0	
NOVEMBER	7.3	18.3	24.6	41.8	17.1	16.4	39.5	26.0	40.6	31.0	
DECEMBER	10.0	13.3	27.2	44.1	15.2	15.4	44.0	27.2	38.5	26.6	
AVERAGE FOR YEAR /	1.6	17.9	20.0	33.6	26.3	23.9	26.7	31.7	30.7	47.2	

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